

**GOVERNORS'  
CONFERENCE  
PROCEEDINGS**

**— 1913 —**

*Colorado Springs, Colorado*  
*August 26-29, 1913*

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PROCEEDINGS  
OF THE  
SIXTH  
MEETING OF THE GOVERNORS

OF THE  
STATES OF THE UNION

HELD AT  
COLORADO SPRINGS, COLORADO  
AUGUST 26-29, 1913

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REPORTED BY  
CHARLES W. REITLER  
DENVER, COLORADO



## ORGANIZATION

SEPTEMBER, 1913, TO 1914 ANNUAL MEETING

### Executive Committeee

GOVERNOR FRANCIS E. McGOVERN, Wisconsin  
GOVERNOR EMMET O'NEAL, Alabama  
GOVERNOR ELIAS M. AMMONS, Colorado

### Treasurer

EX-GOVERNOR JOHN FRANKLIN FORT  
Essex Building, Newark, New Jersey

### Secretary

MILES C. RILEY  
State Capitol, Madison, Wisconsin

## GOVERNORS AND EX-GOVERNORS ATTENDING THE CONFERENCE

COLORADO SPRINGS, COLORADO

AUGUST 26-29, 1913.

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Governor Emmet O'Neal of Alabama  
Governor George W. P. Hunt of Arizona  
Governor Elias M. Ammons of Colorado  
Governor Simeon E. Baldwin of Connecticut  
Governor Charles R. Miller of Delaware  
Governor Park Trammell of Florida  
Governor John M. Slaton of Georgia  
Governor Edward F. Dunne of Illinois  
Governor George H. Hodges of Kansas  
Governor William T. Haines of Maine  
Governor Adolph O. Eberhart of Minnesota  
Governor S. V. Stewart of Montana  
Governor Tasker L. Oddie of Nevada  
Governor William C. McDonald of New Mexico  
Governor F. M. Byrne of South Dakota  
Governor O. B. Colquitt of Texas  
Governor William Spry of Utah  
Governor William Hodges Mann of Virginia  
Governor Ernest Lister of Washington  
Governor Henry D. Hatfield of West Virginia  
Governor Francis E. McGovern of Wisconsin  
Governor Joseph M. Carey of Wyoming  
Ex-Governor Albert W. Gilchrist of Florida  
Ex-Governor Alva Adams of Colorado  
Ex-Governor Herbert Hagerman of New Mexico  
Ex-Governor John A. Dix of New York

## DISTINGUISHED GUESTS AT CONFERENCE

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HON. FRANKLIN K. LANE

Secretary of the Interior of the United States and  
Special Representative of President Wilson

HON. A. J. WALLACE

Lieutenant Governor of California

HON. S. R. FITZGARRALD

Lieutenant Governor of Colorado



# **GOVERNORS' CONFERENCE**

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## **ARTICLES OF ORGANIZATION**

(As amended August 27, 1913.)

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### **ARTICLE I.**

The style of this organization shall be the "Governors' Conference."

### **ARTICLE II.**

Active membership in the Governors' Conference shall be restricted to the Governors of the several states and territories of the United States, the term "Governors" to include Governors-Elect. Ex-Governors shall be received as honorary members and, as such, shall be entitled to all the rights and privileges of active membership except the right of voting.

### **ARTICLE III.**

The functions of the Governors' Conference shall be to meet yearly for an exchange of views and experience on subjects of general importance to the people of the several states, the promotion of greater uniformity in state legislation and the attainment of greater efficiency in state administration.

### **ARTICLE IV.**

The Conference shall meet annually at a time and place selected by the members at the preceding annual meeting.

### **ARTICLE V.**

The Conference shall have no permanent president.

A Governor shall be selected by the Executive Committee at the close of each half day's session to preside at the succeeding meeting.

## ARTICLE VI.

There shall be no permanent rules for the government of the Conference in discussion or debate, but the procedure at any session shall be subject to the pleasure of the Governors present.

## ARTICLE VII.

The proceedings of the Conference shall be fully reported and published.

## ARTICLE VIII.

The affairs of the Conference shall be managed by an Executive Committee composed of three members to be chosen by the Conference at the regular annual meeting. They shall hold office until the close of the succeeding regular annual meeting and until their successors are chosen. Vacancies in the Executive Committee may be filled by the remaining members thereof.

## ARTICLE IX.

A secretary and a treasurer shall be elected by the Conference at each annual meeting.

The secretary shall attend all meetings of the Conference, keep a correct record thereof, safely keep and account for all documents, papers and other property of the Conference which shall come into his hands, and shall perform all other duties usually appertaining to his office or which may be required by the executive committee. He shall be paid an annual salary of not to exceed twenty-five hundred dollars and shall be reimbursed his actual and necessary expenses incurred while traveling on the business of the Conference.

The secretary shall annually prepare and submit to the Conference a budget of the expenses for the ensuing year. He shall make all necessary arrangements for a program for the regular annual meeting and shall edit the stenographic reports of the proceedings at all meetings. He shall, also, so far as possible, cooperate and keep in touch with organizations, societies and other agencies designed to promote uniformity of legislation.

## ARTICLE X.

The treasurer shall have the custody of the funds of the Conference, subject to the rules of the Executive Committee. He shall deposit funds of the Conference in its name, shall annually report all receipts, disbursements and balances on hand, and shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties.

## ARTICLE XI.

Persons not members of the Conference shall not be heard until the regular order of business for the day has been concluded, and then only by unanimous consent. All programs for social entertainment must be approved in advance by the Executive Committee.

## ARTICLE XII.

These articles or any of them may be altered, amended, added to or repealed at any time by a majority vote of all Governors present and voting at any regular annual meeting of the Conference.



# MEETING OF GOVERNORS

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## FIRST SESSION

TUESDAY, AUGUST 26, 1913.

The sixth Conference of Governors was called to order at the Burns Theater, Colorado Springs, Colo., at 10 o'clock A. M., by Governor McGovern of Wisconsin, Chairman of the Executive Committee.

GOVERNOR McGOVERN—Members of the Governors' Conference, Ladies and Gentlemen: You will please come to order.

This is the sixth session of the Governors' Conference and the first session since it was permanently organized. Although it is still a very young governmental institution, it has already proved to be a source of pleasure and benefit to its members, of substantial advantage to the states from which they come, and of real good to the entire country. It is gratifying, therefore, to find, on the opening day of this session, so many members of the Conference present.

We have no permanent officers, such as president or vice-president, but instead, a member of the Conference presides at each half-day's session. The Executive Committee, which, under the Constitution of the Conference, has this matter in charge, has selected as the presiding officer for this forenoon, Governor Oddie of Nevada. If he is present, he will please come forward.

Governor Oddie assumed the chair.

GOVERNOR ODDIE—Ladies and Gentlemen, Fellow-Governors and Ex-Governors who are members of this Conference:

I feel that I have been honored in being chosen to preside at this first meeting. These meetings, as Governor McGovern has just said, are particularly important. We all know what great benefit and strength we derive from them. We meet here to talk over, informally, the necessity of uniform laws on certain

subjects and the success or shortcomings of existing laws in our respective states. We gain inspiration and practical benefit from these meetings, and in this instance the wonderful mountain scenery and climate of Colorado Springs is a stimulant. This meeting will not only be fruitful to us all but I know that we will have a delightful time here. On behalf of the Governors, I want to thank the good people of Colorado Springs for the splendid entertainment they have provided for us, and to assure them that we will all enjoy it.

I take pleasure in calling on Governor Ammons of Colorado, who will give you the address of welcome. My friends, I do not have to introduce you to your own Governor.

#### ADDRESS OF WELCOME TO COLORADO.

GOVERNOR AMMONS (of Colorado)—Mr. Chairman, Fellow-Governors, Ladies and Gentlemen:

I thought of preparing a speech for this occasion, but I recalled the fate that befell a friend of mine who went down into the Eastern part of the State to welcome a lot of newspaper men who were making a tour of the West. They held the meeting in a large tent and he had very carefully prepared what he was to say, and just as he was in the best part of it, where he was telling about the wonderful climate and the eternal sunshine in the West, there came a clap of thunder and the rain began to fall upon that tent in such torrents that it threatened to demolish it, and from the throats of every one of those newspaper men there arose a song, to a very appropriate tune: "It may be so, I do not know; but it sounds to me like a lie." Therefore, in order to maintain my good standing with the weather clerk, I was afraid to attempt the preparation of a set speech on this occasion.

I am new in the Governors' Conference. I have been looking into some of the things that it has accomplished in the past, and I have had enough experience, even now, to understand many of the splendid reasons why these Governors are getting together each year.

Many people may suppose that all subjects of a national character and all the matters in which we are interested as Governors of all the states, belong to the national administration and to Congress; but such is not true. If you will stop a moment and consider, you will see that most of the things in which the people of the States are concerned are those that belong at home, and must be determined by them. They are matters to be determined by the administration where only the State government and the local governments under the State government are interested. There are really very few things with which the people come directly in contact, which are national in their character. It is proper that Congress shall look after those things that are national or interstate in their character, but the balance we are interested in should be looked after by the states themselves. And it must be remembered that these matters of administration have the general purpose that all of us may profit by the discoveries of each. If we get together and talk over these experiences which we have in various portions of the country, we must be benefited thereby. There is another reason. We are neighbors—neighbors as states and as people; and it is a splendid thing that those who represent these several states shall come together each year, because it brings a better feeling and a better understanding that will result in better administration throughout the country.

Our people in Colorado and the people of the West feel especially honored to have this gathering in Western territory this year. Of course, some of our friends in the East may think that Missouri and Illinois are out West, but we think they are in the far East, and I am talking about these newer states, all of which have interests that are peculiar to their locations. We are especially glad—the people of the West—to have the governors of the entire country come to some portion of our territory for many reasons.

We believe that the people of the country do not fully appreciate some of the problems that we have out here. We believe they have not a full understanding of the aspirations of the people of the West. We are confident that a trip among us by you gentlemen will be beneficial, not only to ourselves, but to yourselves, because it will bring about a better neighborly feeling,

a better brotherhood of the states, or sisterhood, if you please, of the states of the Union.

The people of Colorado are especially glad to have you here. This State, like most of the other Western States, is made up of people from all portions of the country. You cannot go out upon the streets here and walk a half an hour without finding people perhaps from every state of this Union. And so the people are interested, not only in the general Conference, but they are interested and are delighted that the Governor from their own native state perhaps is here—and they are taking a special interest in him.

The people of the State of Colorado have their problems, and they are glad to have, just as the other western states are glad to have, these eastern friends of ours come here and see what we have and what we have been able to do.

Colorado is a young state, not yet forty years of age, counting back from territorial days, and yet it has accomplished much. Perhaps we may be justified in feeling somewhat proud of what we have accomplished. We have nearly a million people. We have taken a country that was admitted and advertised to be worthless, and from it we have sent into the wealth of the world, not only millions and hundreds of millions, but billions of value in metal during the history of this state.

In a social way I think we have made very great progress. We have built some of the most beautiful cities to be found in the country. We have taken the desert—at least it was so advertised—and we have transformed it into fertile fields. We have state institutions here amounting in value to more than \$15,000,000.00, and we have built local educational institutions that amount in value to tens of millions of dollars, in the short time in which we have had to work, and with a very small portion of our property that has been taxable; and our sister states of the West have made similar accomplishments.

We are glad not only to have our visitors from the East, but we are glad to have those from the West. These western people have naturally a brotherly feeling toward each other, and I am extremely glad that so many of them have been able to come here this time and assist Colorado in entertaining her guests from the East.

I believe that you will find the true American spirit of hospitality in this beautiful city, and I hope when we are through with the Conference, that all of our visitors will go up to our capitol city and see other portions of the State and learn what we are doing, and get acquainted with our people.

I wish every one to understand that it is the most earnest desire of the people of this state to entertain you in a fitting manner, so far as they are able; that the main anxiety is that you shall have a good time here. I wish to see for the Conference a profitable session—I know it will be. The subjects that it has for consideration are of vital importance to every state in the Union, and I think that the program arranged will prove a beneficial one; and I want you to know that when it comes to a question of anything you want during your stay here, that all we desire is to know your wishes, and our people will try to gratify them.

I am sure you will find, before you have gone away, that our people, when it comes to a question of entertaining, are equal to the occasion.

You know—it is an old story to some of you—when Marcus Daly in the early days wanted to give a great dinner up in the Northwest, he wished to get a particular brand of cheese out from the East, because they had none in his locality, and the railroad company refused to ship it for him; so he devised a very nice little scheme—he bought a coffin and laid it in that and he purchased two railroad tickets. He had the coffin loaded in the baggage car and he took a seat in the train; and when the conductor came around he took up the two tickets, punched them, looked them over and said: “Is that a friends of yours up in the baggage car?” “Yes,” replied Mr. Daly. “Well, there’s one thing certain,” responded the conductor, “your friend ain’t in no trance.” I think you will find that the people of Colorado are in no trance.

Let me assure you that we have peculiar problems of our own, and we hope you will look into our affairs out here so that we can feel we have a friend at court in every state of the Union to help us when these questions come into the hands of Congress. We want you to know we are full of optimism for everything that benefits this Western country or the country at large, and

that we are overflowing in our loyalty to that splendid flag that floats over us all and stands, wherever it floats, for justice and freedom. (Applause.)

CHAIRMAN ODDIE—We all are glad to have heard the able address of welcome by Governor Ammons. We are glad to be in Colorado, especially after hearing him.

We will be pleased to hear from Mayor McKesson of Colorado Springs. He will inform us what Colorado Springs is planning for us in the way of entertainment. We have hard work ahead of us in this Conference and these entertainments will afford the proper relaxation.

I take pleasure in introducing Mayor C. L. McKesson, of Colorado Springs.

#### ADDRESS OF WELCOME TO COLORADO SPRINGS.

MAYOR MCKESSON (of Colorado Springs)—Governor Oddie and our Honored Guests:

We endorse the hearty welcome extended by Governor Ammons. We appreciate the honor and privilege of having you as our guests. Our hearts are golden with gratitude for the distinction you have given our home city by holding this Conference in it.

We welcome you because of the greatness you have achieved as servants of your commonwealth, and the nation, and we welcome you because, as Governor Ammons has said, we feel a special interest in the states which you represent. Ours is a cosmopolitan community. It is composed of native sons and daughters from every state and territory over which our flag floats in sovereignty. While loyal to the commonwealth of our adoption, we love the state of our nativity, the home of our childhood. Our thought of that home and state is redolent with love, and we speak of it with an affection that compels all our associates to respect and love it. Thus we have each come to love the native state of the other, and in this spirit of mutual sympathy we all join with each native son and daughter in welcoming you.

We welcome you because we are in fullest accord with the exalted purposes which have brought you together. Nothing attests more strikingly the broad foundations on which our nation is builded, nothing more eloquently bespeaks the intimate relationship and close unity, not only political but in every way, of east and west and north and south, than this convocation, for purpose of mutual benefit, of the heads of our sovereign commonwealths. Civilization may be defined as the growth of mutual aims and interests into larger groups. Today in this country we have one hundred million people under one flag and holding to the same ideal—justice, liberty and happiness—to the promotion of which this Conference is dedicated.

It is a special pleasure to welcome you to this far-famed natural paradise, for your stay here will ever be a source of delightful recollection. The Pikes Peak region possesses unusual interest and charm. It has been aptly called the "Front Parlor of Colorado," "Nature's Gallery of Scenic Grandeur," "Infinite Energy's Workshop," "The Paradise of Mountain and Plain," and "The Garden of the Gods;" and Colorado Springs, with equal aptness, has been designated "The Peerless City" and "The Athens of the Golden West."

We hope that in this delightful region, and among our hospitable people who will find joy in serving you, you will find that which will please, inspire and uplift you. We trust that every moment you spend here will be pleasant and profitable. The longer you remain our guests, the greater will be our joy.

And now, on behalf of Colorado Springs and the Pikes Peak region, I cordially greet and heartily welcome you, with the sincere wish that your deliberations may result in great good to the several states and to the nation. (Applause.)

CHAIRMAN ODDIE—Governor William Spry, of Utah, will now respond to the addresses of welcome.

#### RESPONSE TO ADDRESSES OF WELCOME.

GOVERNOR WILLIAM SPRY (of Utah)—Ladies and Gentlemen: In behalf of my brother Governors, and also the real, actual governors whom some of us have brought with us, I want to

accept the hospitality which has been so generously tendered us here this morning by our friend the Governor, and his Honor, the Mayor.

It is a good thing to meet together upon occasions of this kind, in order that we might become better acquainted, one with the other—in order that we might learn of the hopes and the aspirations of one another. For that reason the Governors' Conference has been organized—that a proper exchange of ideas may take place—that through visiting with one another, we may learn more of the manner in which each Governor is conducting the affairs of State; and we Eastern Governors have come here upon this occasion for the purpose of learning something about the bigness of the territory over which you Western Governors preside. We have come here for the purpose of learning if possible, where we can locate the over-flow of our populous cities, those who are seeking to provide an independent livelihood—who are ambitious to surround themselves with those substantial comforts of life which, unfortunately, so many of our people are denied in the East. But after all, when we see this boundless domain—these endless valleys, these towering mountains and these streams of water which come flowing down these splendid canons, we feel that this great Union is a wonderful union of States, providing subsistence for the entire population, and serving notice upon all that no one, wherever he may be found, need want for the common necessities of life.

We have also come here from the East, to learn really just how small our States are there. We have come here to learn that we can take three or four of them and put them away in any one of these wonderful Western States.

And we of the South, have come here for the purpose of learning (if it were possible to learn more), of the ability to entertain and to extend hospitality to those who come among us. We have always felt, of course, that we were past masters in extending hospitality to our friends and to the stranger within our gates; and yet we feel that if there is anything in the art of hospitality that we have overlooked, or anything more which we may be able to learn from our Western brother, we shall be only too glad to take it home with us.

We of the North have come here for the purpose of taking

note of what is being done in the wonderful work of development which is taking place in this Western country, so that we too, may perhaps carry home with us certain ideas relating to the settlement of our lands, so that we may lend encouragement, from the experience thus gathered, to the settlers who may come among us from other States.

And we of the West have come to Colorado, in order that we might join with his Excellency, Governor Ammons, in offering inducements and encouragement to the people of the entire country and opening our doors and our hearts to them, so that they may be persuaded to come in among us and help swell this cosmopolitan population which we find here in Colorado and elsewhere in the West, and join hands with us in the development of the wonderful resources which have been going to waste at our very doors.

And so we say to the Governor, and to the Mayor, that we are glad we came. We feel that we are in the house of our friends. We feel that we shall be well taken care of and permitted to enjoy the hospitality and friendship that is meted out to us so generously in truly Western fashion; and we hope, during our sojourn here at Colorado Springs, that we may be able to gather here a little and there a little, line upon line, and precept upon precept, if you please, of that which shall be for our best good and for our benefit, so that we may be able to take home to our respective states those things which we feel will be most helpful, most beneficial—the one thing that we may put into operation that shall benefit our constituency more than perhaps any other one thing that might be suggested. And so we are here, sitting literally at the feet of one another, in order that we might gather and obtain that wisdom which we require to conduct the affairs of State which have been committed to our care and which we have taken the sacred oath of office to discharge.

I had anticipated, in this speech of Governor Ammons, that he would drift into the truly western style of welcoming people and tell us of the wonderful climate of Colorado, of its beauties and of its grandeur, but I take it for granted that he believed we were sufficiently well acquainted with conditions as they exist, and that there was no occasion whatever for him to go into rhapsodies.

I remember being over here at one time listening to a speech of welcome, where the gentleman who has been honored with making the speech, made the statement that here, in Colorado, they were favored with 365 days of sunshine in every year, and the rest of the year they had extremely pleasant weather. And I believe it.

Colorado is the land of sunshine. It warms and gladdens the hearts of its people, so that when we take hands in the clasp of friendship, we feel that in every sense of the word they are truly and indeed our friends, and, as such, we have come in among you to partake of your hospitality, to partake of your generosity, and we believe, as has already been expressed, that your homes, your cities and your entire State are at our disposal and at our service, and we gladly accept the tender that has been made to us, and assure you that during our sojourn among you, we shall feel entirely and completely at home. I thank you.  
(Applause.)

CHAIRMAN ODDIE—On behalf of the Governors present, I thank Governor Spry for the very able manner in which he has responded to the addresses of welcome.

I have the pleasure now of making a very important announcement. At the request of the President of the United States, the Honorable Secretary of the Interior, Franklin K. Lane, has come here to meet with us. I can think of nothing which could possibly give more pleasure to the Governors than the presence of Secretary Lane.

It is a matter for congratulation that we will not only be able to hear an address from him, but will have an opportunity of discussing with him afterwards matters of special interest in which State and National problems are involved.

I take pleasure in introducing the Honorable Secretary of the Interior, Mr. Franklin K. Lane.

#### ADDRESS BY HON. FRANKLIN K. LANE.

SECRETARY OF THE INTERIOR, HON. FRANKLIN K. LANE—Governor Oddie and Governors in Conference, Ladies and Gentlemen:

I rather admire the modesty of the people of Colorado. We of the West are not noted for possessing that virtue, but you have said too little in your welcoming addresses, as to the beauties and the attractions of this State and of this city.

You know that from time to time there has been an agitation for the establishment of a Western Capitol—a federal city—that will, a part of the year at least, be removed from the Atlantic sea-board. When President Washington came to select the federal city of the federal government, it was selected for a variety of reasons—political chiefly. Its climate was not one of those reasons. If we are to have efficiency in federal government, there is a necessity for at least part of our time being spent in the West, where there is sunshine, but not too much, and heat in moderation. As for myself, as the head of the Department of the Interior—the home department—I am, this summer, making my summer capitol this side of the Missouri River.

When I left Washington I said to a newspaper man that my purpose was to see a part of my job and a few of the people for whom I am working.

My business has to do largely with the people this side of the Mississippi. I do not know how much you realize the tremendous volume of work, the large property interests, and the still greater human interests, that rest upon the home department, as it has been called. If you let me speak personally, I farm more land indirectly, than any other farmer in the United States. I have spent more money in putting water onto land than any group of capitalists in the United States. The Indian Department alone is a sufficient task for all that any man has of courage and of common sense, and as a test of business ability. The Indians of this country have \$850,000,000.00 of property, which rests in my care and custody, and there are only 310,000 of them. There are more decisions touching upon the questions of law, rendered by the Department of the Interior in one year, than by all of the federal courts of the United States—nearly 3,000 cases, ten for every working day, and those intimately affect the poorer people of the United States, as well as the great railroads and the greater corporations; nearly ninety-five per cent deal with the right of some poor man who is struggling to get a

home. I say, and I have said it before, that we ought to devise machinery by which this responsibility should not rest so largely upon one man; by which there should be organized a court or an administrative body, independent and entirely removed from polities, high in status and ability, that will pass upon these land questions.

I have been drifting through this entire section of our country searching for the problems with which we have to deal; and the problems that the United States must trouble itself about are largely those problems which arise in this section of the country, for we are not to stand still; the United States is to grow in population and in power, in prestige and in wealth. That growth is to come in this part of the country where you and I live, if it is to come at all.

We are trying to find ways by which we can take this desert and convert it into homes. Already the federal government has expended eighty millions of dollars in irrigation projects in the West. We must look for another eighty million dollars within the next ten years.

These men who are on these projects find that they are not as contented, as happy and as sure of good fortune as they hoped they would be. Some of them feel a resentfulness against the government because they think that the government undertook some guarantee that they would be able to take this land and pay for it within the limit of ten years which the government gave them to pay in.

I have seen, in the last month, as much fineness of fiber, of character, of nobility, of self-sacrifice, of devotion to duty and of a high purpose, among the farmers upon these irrigation projects that the government controls, as ever was exhibited by any of our soldiers, or any other soldiers, upon any battlefield; and these men, who are making homes for themselves, are making those homes for us, to produce the cattle, and the cream, and the chickens, and the wheat, and those things which are the staples of our life.

Therefore it devolves, first, upon the Government of the United States to see that they, as a matter of public interest, are treated sympathetically, justly and fairly. The Government has given but ten years to them in which to pay for the water

right which they possess under it. That time, my friends, should be extended so that a man will have an opportunity to make the best use of his farm, to bring cattle onto the land, to make a more certain home for himself; and one of the reasons why I am moved to this declaration of policy, is because I have looked into the faces of so many suffering women, and upon these largely fall the burden, the responsibility and the worry of the pioneer home. They are the ones who rise early in the morning to get the breakfast, and are the last to retire at night. They are the ones whose delicate sensibilities call for many things which the desert cannot give; and if we can lighten their burden for a while, the Government of the United States would suffer not at all.

There are many divisions that have been made of our people—many tendencies that are exhibited by them. We divide them into the "house of have" and the "house of want;" we divide them into those who believe that it is the wise philosophy to throw all our resources into the hands of a few, and let them work out the problem of economical production; and, on the other hand, there are those who believe that it is wise to save some of our resources, that they may be given to those who come after; but there is one division that is unquestionably true—the division between the Sons of Mary and the Sons of Martha. Mary pleased her Lord and she was blessed, but Martha was not so fortunate, so, as Kipling has said, the Sons of Martha have, throughout all history, been waiting upon Mary's Sons.

These men who dig the ditches, who make the farms, who build the railroads, who bore the tunnels, who mine the wealth, are the sons of Martha; they carry the burden for you and for me. They build the railroad that you and I may pass over it comfortably in a Pullman car. They farm the wheat that you and I may enjoy good bread upon our board. The burden of supporting life has been cast upon them. And if democracy has a purpose, one purpose must be to show to those men some appreciation of our obligations to them.

Whenever a reclamation project is organized, there is a problem that is insistent, and that is how to compel use of the land. That is one of the problems we have to contend with in this Western country. Has a man the right to hold six hundred and

forty acres in the center of a reclamation project, or in the suburbs of a town, and keep that land undeveloped and unused? Is it not a supreme obligation of that man to put that land into use, if the people of the United States are to permit him to hold it?

The problem of water is the same. The Western States generally have recognized this principle in their laws, that a man has no right to water that he does not use. It is essential that that doctrine should be held sacred by our Western country, or else our land remains as it was when the Indian was here. Not alone water for purposes of irrigation, but water for purposes of water power.

In the past twenty years we have discovered that God has given to us something besides sun and land and water. He has given us an opportunity to make new land out of seemingly unusable land. He has given us a new and invisible power that may be utilized to turn the churn in every farm house. He has given us an opportunity to work miracles in our cities and in our homes by the use of water power—power that comes down from these mountains of yours, and without the loss of a single drop as it falls over the rocks, can be turned into a power which would make Colorado a great manufacturing center, though she had no coal. We want that power to be used—not held; to be used and not monopolized; to be used for the benefit of the people—and that is the prime title to every possession, the ability to use it. No man is entitled to things of which he cannot make use. I justify men who have millions and millions of dollars and who are complained of as enemies of society, many of them, because they have the capacity in themselves to put the money that they make back into popular use, and to that extent they are doing public service. We have the right to demand that these waters shall be used, and that they shall be used for the benefit of consumers. I recently signed a permit for the use of a great body of land and a dam-site, which followed this philosophy—that the Government would impose a high charge for the use of the property which it gave, if the company that produced the power from that river insisted upon charging the public a high price; but if they would reduce their price, the lower they reduced it,

the less would be the charge, until it ran out at the lowest possible charge.

The Government of the United States is not anxious to make money out of these resources. The Government of the United States is anxious that those things that you and we possess shall be used and that they shall be used for the benefit of the whole public. That is the philosophy that I adopt, and it seems to me a philosophy that the people of the West may very well accept, because it makes for their great good.

I am not troubled or concerned about conventional notions of politics or political institutions. We have got to work our problem out. You can't tell, and I can't tell what the future of this country is going to be. We know one thing—that at its foundation rests a strong and insistent purpose on the part of the mass of our people that injustice shall not exist so long as it is possible for the Governors of States and the Legislatures of States and the Congress of the United States to do away with that injustice; and how we shall harmonize no one can point out. But the problem of government, of all human relationship, is the problem of learning to know each other, of meeting, as our President says, in common council, and that is why I am here with you today, to know what your mind is. That is why I have been in the West, to know what the feeling of the West is. We will work this thing out in some way. We are a young people and a hopeful people, a people who have faith in ourselves; but every government and every man in politics feels his way about as Emerson says, like some bat that flies at noon, "For what are we but creatures of the night, led forth by day who needs must falter, and with stammering steps spell out our paths in syllables of pain?"

There is no certainty that the flag which floats over us today will stand always floating over a Republic having the precise machinery of government that we now have, but whatever its form, it will be the expression of our souls, of our natures, of our desires. We make this government. It is not made by institutions—they are but tools in our hands, and we are working out our salvation with these tools.

I come from farther West than this. "East is East and West is West and never the twain shall meet," sings the poet; but

this meeting is an evidence that the twain may meet, not merely physically, but in purpose and in desire.

This Western country of ours looks with less respect upon some of the established and conventional traditions, than other parts of our land. We have stepped forward, taken advanced ground, and are trying out experiments. We must have courage, but we must have it modified and controlled by rare common sense. There is a fanaticism that is radical, but there is also a fanaticism that is conservative. We do not want to stay too long with the past. We want to live, as the West must live, in the future.

There are two kinds of men which may be typified by two stories. A man from Chicago went on a trip to India, and his guide led him through a great labyrinth in the underground corridors of a temple, until at last he brought him up against a single light flickering in a little hole in the wall, and this man looked at this light and said: "What is that?" His guide said: "That is the eternal fire; it has not been out for two thousand years." And this radical looked at it and said: "Not been out for two thousand years? Pretty old (blowing). I guess the darn thing is out now." That is a type of man dangerous because of his willingness to sacrifice every sacred thing that has come to us out of the past.

But there is another type of man, and you know him in this community and in all other communities. I was last year on a fishing trip, way up on the border of Newfoundland, and I found a fisherman working on a sail beside the sea; he had four or five children, and he told me that his income was less than \$300.00 a year. I said to him: "Why not come to my country, where you can make that much in a month?" And he said: "Oh, I can't." "Why not?" "Because," he said, "I never learned to read or write." "Why," I said, "there are schools there." "Yes, but when I was a boy I would have felt that I was putting a shame on the old man if I learned to do something that he couldn't do." There is a type of man possessed of spirit and splendid courage, but is held back and makes against real progress.

Now, the real spirit of the West that you represent and that I represent, is a spirit that is loyal to these traditions of the past

so long as they are useful, and is determined to follow them up on high ground and, if necessary, on new ground.

It is like one of your Colorado railroads that runs across the desert. It looks as if it would bump its nose into some mountain when, to your surprise, it makes a curve and follows the line of a river, climbs to the crest of a mountain and follows along until it comes to a great canyon. Shall we follow down along the old trail, and crawl up slowly on the other side? No. The train leaps that canyon by a bridge, drives through a tunnel on the other side and emerges into a beautiful valley beyond.

This society of ours is following the new route. We are not bound to go down that canyon and up on the other side. We leap that canyon and go through the mountain and come out where our purpose has been to emerge.

There is a fine destiny for us, because of the splendid faith that is in us, that will make our country realize that destiny; and it is to be pictured to you in the doings of this Conference and in the common council of these governors who are my colleagues and are your friends, and I hope they will work together to make of this a greater and a stronger country, where the people shall be happier, where there shall be more of faith, more of sympathetic and co-operative effort, and where all that man has, shall be used in a common service. (Great applause.)

CHAIRMAN ODDIE—My friends, we have had the great pleasure of listening to a masterly address on the great questions of the day in this Western country. On behalf of the Governors I wish to express the hearty thanks of the Conference for the contribution of Secretary Lane to the better understanding and enlightenment of all of us on the subjects he has discussed.

GOVERNOR McGOVERN—The Executive Committee desires to announce that Governor Colquitt of Texas has been selected to preside at the afternoon session.

CHAIRMAN ODDIE—This morning's session is now concluded. I desire to announce that there will be a business session of the Governors' Conference in the Ball Room of the Antlers Hotel, at 2:30 o'clock.

We want to thank all of you for your attendance upon the opening session.

## AFTERNOON SESSION

The Conference met at 2:30 P. M., in the Ball Room of the Antlers Hotel.

GOVERNOR McGOVERN (Chairman, Executive Committee)—Gentlemen, the Conference will please come to order. In the absence of Governor Oddie, who presided this morning, I take great pleasure in introducing Governor O. B. Colquitt of Texas, who has been chosen to preside at this afternoon's session.

Governor Colquitt assumed the chair.

CHAIRMAN COLQUITT—Gentlemen of the Conference. This is my first attendance upon the Governors' Conference. I have been Governor of Texas now nearly three years, and it has been my intention each year to attend the Governors' Conference; but Texas is so big and there are so many big questions arising constantly, to keep the Governor at home, I have not been able to attend your meetings.

I feel an especial compliment and pride in being selected to preside over the deliberations of this meeting at the first business session.

I now, without further ceremony, declare the meeting in session and call for the first business on the program. The first business in order this afternoon is the Report of the Committee on Co-operation, by Governor Emmet O'Neal of Alabama, Chairman.

GOVERNOR O'NEAL (Alabama)—Mr. Chairman and Members of the Conference:

At the last meeting of the Governors' Conference at Richmond, a committee was appointed for the purpose of preparing suitable legislation to introduce into the States a system of co-operative rural credits and land mortgage banks, similar to those which have been so successfully operated in Europe.

It was the unanimous opinion of the Conference that a system of rural credits, by which personal credit could be extended to the farmers by co-operative unions or organizations, and a system of land mortgage banks by which land could be readily mobilized and negotiated as a security, and by which, with

mortgages for a long term of years, and a system of amortization, the principal and the interest could be paid by maturity, were both practical and feasible in this country. But since the appointment of that Committee of Governors, under a resolution of Congress of March 4th, a commission was selected by the Governors of the States and the President of the United States, to visit Europe with a view of studying the co-operative credit and land mortgage societies and organizations existing there for the extension of credits to the farming classes.

My understanding is that the commission returned on the 26th of July. They have gathered together, through their studies, investigations, observations and visits to the principal countries of Europe, an immense mass of material. They appointed a sub-committee to analyze and compile this material and submit the conclusions of the commission. I understood that Senator Fletcher, who was the president of the Southern Commercial Congress, would present to us today, or in his absence, through another member of the commission, a preliminary report of the conclusions that the commission had reached on this important question.

Hence it was, in view of these facts, that I did not call a meeting of the committee of Governors on this subject until yesterday.

We had a preliminary meeting last night, and it was the unanimous conclusion that while we favored a system of rural credits and land mortgages, and while we believed that they could be adapted to meet the conditions existing in the different States of this country, yet it was impractical, at present, for us to undertake to present our views in the form of bills to be adopted by the legislatures of the various States. We recognized that conditions vary in each State of the Union and hence it was the opinion of the committee that we should invite an expression from the Governors of the different States, of their views on this question, and then after we had in our possession the report of Senator Fletcher, and the conclusions reached by this commission, that we would then submit a further report to the Conference.

I think we all agree to this proposition—that while we will not undertake to submit any particular bills on this subject at

this time, that we will present a report in which we will endorse the fundamental principles on which the system of co-operative credits and land mortgage banks have been so successfully operated in Europe; and we also expect, before the end of the Conference, to submit our conclusions as to what, in our opinion, is the proper part that the federal government should take in aiding in this movement. But for the present we did not deem it advisable to undertake to present specifically a bill which could be adopted by all the States, because we believed that the conditions were so different and so variant in each State that in one bill it would be impossible to carry out our purposes. Therefore we expect to confine ourselves to the presentation of the fundamental principles under which this system of co-operative credits has been operated in Europe.

I think I may say that it is the unanimous opinion of the committeee that this system which is operated so successfully in Europe, and by which credit has been extended to the small farmers and the agricultural classes, and by which lands have been made a liquid asset which could readily be converted into cash, can be adopted in this country, and adapted to meet our conditions. And we also believe that this is one of the most important movements before the American people. We believe that the farming class, constituting the very foundation on which our whole superstructure of civilization and wealth is builded, requires the aid of the government of the States. In other words, we believe that we can adopt a system in this country by which we can extend to the small farmer the same facilities of credit which are now offered to the commercial classes in the cities and villages of this country; but we think, in view of these conditions, that we ought to ask, and we do ask an expression of opinion from the different Governors here, as to their views on this question—what system they believe could be operated in their different States, and what action they believe the federal government should take to promote this movement; and then, after we have their different views and hear the report of Senator Fletcher, we will be prepared, before the end of the Conference, to submit our views, not in the form of legislation, but in the presentation of fundamental questions which we believe ought to prevail in legislation of this character.

I believe that is a correct statement of our position.

CHAIRMAN COLQUITT—Gentlemen, you have heard the report of the Governor of Alabama on this question, and the suggestions made by him. The verbal report made is now ready for discussion.

The chair would like to hear an expression of opinion from the Governors of the different States upon this important subject, and I am sure that each of the Governors present would like to hear a general discussion of it.

Is there any member of the Conference who has any ideas or views he desires to present at this time?

EX-GOVERNOR GILCHRIST (of Florida)—Mr. Chairman: This is a very important matter, not only to the farmer, but everybody else wants all the money he can get, and as cheaply as he can get it. I understand it is the purpose to get money for a long term at four per cent. The question in my mind is, who is going to furnish the money at four per cent? That is what I want them to tell. I was always in favor of this rural credit system. I have heard about it and read about it, but I have not yet been satisfied upon the point of who is going to furnish the money to be loaned. Where they get eight per cent in other places, who is going to furnish money at four per cent? That is what I would like to hear from the committee upon.

I would, however, state that I have heard that in Cuba they are far ahead of us in securing long term loans for farmers. They issue some kind of a four per cent to six per cent bond, for which ready sale is found in France.

GOVERNOR O'NEAL (of Alabama)—In Europe it is furnished by every man who has a small amount to invest—even the servants in the homes. Men with small incomes invest in these securities, because experience has shown that they are just as valuable and just as secure as government bonds. There has never been a dollar lost in Europe under this system, as I am informed; and if we can make the security perfect, there will be no question about getting the money at a very low rate of interest.

GOVERNOR SLATON (of Georgia)—Mr. President:

I think that the last expression of Governor O'Neal touches the very key-note of the whole proposition. I remember a few

years ago, in Georgia, they had up the question of loaning small amounts to laboring people, and it was suggested we ought to be able to devise some plan in Georgia so that the laboring people could borrow money at six per cent and make the charging in excess of that, where personal property was pledged as security, a criminal offense. As an illustration Italy was referred to, where they had loaned, it seems to me, at six per cent, and not to exceed that rate. That looked very attractive; but, upon investigation, it was found that Italy, being a monarchy, a man who borrowed money and didn't pay it back, would be put in jail, and all the property he had would be seized. As a result the debt was just as secure as a government bond, because all of the power of the monarchial government could be exercised to enforce the collection of the money.

Of course, if the collection is certain, the borrower is able to loan at the smallest rate of interest. Therefore, in connection with this problem it is necessary to see that the laws of the States are in such condition that the lender is absolutely assured of the repayment of the debt.

As long as conditions exist in some States whereby it is very difficult to collect debts—that the debtor is the favored class, instead of the creditor—the burden must then fall upon the honest borrower to pay the penalty for having a fellow man who is not so careful about his obligations.

When I was in New York in April I saw a gentleman there who represents a very large financial class in that city, and his statement to me, to some extent, replies to the query presented by Governor Gilchrist. He said the gentlemen he represented in New York were willing to lend their money at between four and six per cent—six per cent would be the extreme charge and this would include not only the interest, but all of the expenses of examination of title. He said that shortly before Mr. Morgan's death, he, Mr. Morgan, had said that he was willing, purely as a patriotic matter, to go into it and see that millions should be lent, but the one condition he insisted upon was this—that there should be a national charter granted to a corporation, with the idea that that corporation should be relieved of the burdens that are imposed upon the corporations of some States. There is a familiar illustration. The State of Alabama has a

law, for example, and a great many others have laws exactly like it—requiring a corporation doing business in that State to register under certain conditions, and in the event the corporation does not register as required, it is unable to collect the debts that may be due it there. A case from Alabama went to the Supreme Court of the United States, and that court held that a debt of five thousand dollars could not be collected because the lending company had not complied with some requisites of the Alabama law. That applies not only to Alabama, but to a great many other States of the Union. Therefore this gentleman—whose name, if I mentioned it, would be known to every gentleman present, and to practically every gentleman in the United States acquainted with financial affairs—said it was essential that the Governors' Conference should use its influence to have a national charter granted which would give immunity from unreasonable laws which isolated States might impose.

Now, I mentioned that to some gentlemen, and they asked: “How are you going to have this corporation created? What authority will you find in the Constitution of the United States for Congress to create such a corporation?” But when I mentioned in reply—which was the first suggestion that occurred to me—that there was the Texas Pacific Railroad, which was a corporation created by national charter, his reply was that that came under the head of post roads and it came under a different provision of the Constitution, and that likely we would find difficulty in having any such corporation created. But the fact remains that this gentleman, whose name stands for probity and responsibility, said that the financiers of New York were willing to advance the money so that the sum total of expense would not be in excess of what I have mentioned.

Certainly it would be a great advantage to the farming classes to be able to borrow money at low rates. All of us know that those who pay for their goods at the end of the year, instead of paying cash, pay from twenty to thirty, or forty per cent. If they could borrow the money at four cent, it would be of immense advantage; the low rate would help to develop in a great many respects. Personally I should be very much interested in the report of the committee which has gone into this matter to

such an extent as to secure accurate information and data. Their advice would be such that we could act upon it.

GOVERNOR MANN (of Virginia)—Mr. Chairman:

I am a member of the committee of which Governor O'Neal is chairman, and the remarks which I shall submit to this Conference this evening will be more in the nature of a suggestion than any definite plan on which this system could be put into operation.

I will commence my remarks by saying that the conditions are so different in Europe and in this country, that the only advantage we can get from studying those conditions, is to get the general principles upon which they are based and adopt those principles to our conditions here.

The first thing we need, as I understand it, is cheap money. We have got to have some practical plan for getting that cheap money. If we borrowed from capitalists in New York and paid them four per cent, how much will it cost to carry on our institutions; because that, of course, would have to be added to the amount of interest which we pay to the New York capitalists.

My own experience in banking—and I have been at the head of two little banks in our country for a considerable time, and have loaned money on real estate security and know something about it—is, that it takes from five to ten per cent of the capital of the bank—in proportion to the amount of capital—to run a bank. So that when you commence to deal with this question of rural credits, you have got to take into consideration the cost of the institution to carry into effect this idea, and to furnish the bonus with the bonds to be the intermediary between the man who furnishes the money and the man who receives the money.

Now you can readily understand if you go into the establishment of a bank of any kind and the cost is even as low as five per cent upon the capital, if it is a strictly agricultural bank, and that is what is contemplated by this report, you will find that you must add the cost of the institution to the interest which you have to pay the man from whom you get the money. Therefore, in my mind, it resolves itself to this proposition: That these rural credit banks have got to get the money from the Government, and I don't see the difference between a rural credit

bank getting money from the Government upon good security and any other bank getting money upon good security.

Then the question that presents itself to me is the security. What kind of security can be offered? In this bill which is now pending before the Congress of the United States, and which is being considered, there is a provision which declares that money may be borrowed by citizens of the United States from the assets of the bank. Of course, that means good assets, and we presume that every well regulated bank is going to be careful of its assets, because if it is a national bank it is under the supervision of national authority; if it is a State bank, in most every state—certainly in my own—it is under the supervision of a banking department, which requires that certain rules and regulations going to make a solvent institution, shall be observed.

Taking these facts into consideration, I think that we can furnish to the Government of the United States absolutely good security either upon notes and bonds secured by real estate at one-half of its actual value, or we can borrow the money upon negotiable notes well endorsed and taken by the bank, the bank taking upon itself to endorse the security given to the United States Government.

In this connection my idea of the rural banks is a little different from other people's. I would not establish rural credit banks as independent institutions, but I would take hold of the banks already existing and use them for the purpose of furnishing money to the farmers in their communities at the lowest rate of interest and keep the rural credit department separate from the commercial and other departments of the bank. All they have to do is to carry into effect the principles of co-operation of the German banks. This kind of a bank is already established and it has its capital, and it wants to give the benefit of that low rate of interest to its farming clients. Its fixed charges have all been paid, its banking house is rented, and the creation of a department for the purpose of carrying out the rural credit system is comparatively easy and a comparatively inexpensive thing. Now, to illustrate, when that bank wants to get a certain sum of money—say a hundred thousand dollars, from the treasury of the United States, it carries to the Treasurer of the United States its assets which are worth that sum beyond all

peradventure; and then it puts upon those assets its own endorsement and stands behind it with its capital and its credit. I think that is a good rule.

The actual practice of banks, as I am sure every one in this audience understands, is to have a correspondent—a country bank to have a correspondent in the city, a weak bank to have a stronger bank as a correspondent, and to have an agreement with that stronger bank that a certain amount of credit shall be extended to the weaker bank whenever that amount of credit is necessary for the well-being of its constituents and to meet the demands of its constituents.

Now, what does the correspondent bank secure for the borrowing bank? We re-discount our assets, our notes, and the bank which re-discounts puts its endorsement upon the back of these notes, and thereby gives to these notes, not only the credit of the maker, but the credit of the bank and all of the assets of the bank. And that is what I would propose to do in any system which would be established.

Now there is one great idea that is at work in the United States now, and it is one that ought to be encouraged. As far as possible, the law of uniformity ought to work between the States of this American Union. The same law that prevails with reference to contracts and bills in the Commonwealth of Virginia upon the Atlantic slope, ought to prevail in the State of California upon the Pacific slope, and, as far as possible, the laws be made uniform in the several States. It ought to be done, but that must be left to the States. If we laid down a principle, and the chairman of the committee has properly explained the conclusions of the committee, then the States of this Union are wise enough, through their legislative bodies, to make their laws conform to that principle and to establish uniformity from one end of this great country to the other.

In order to make real estate a valuable security, it must be what bankers call "liquid." There are a great many liquids that I don't have anything to do with, as most of my friends understand, and I am not an authority on the subject of liquids—certainly not as good as some other members of this Conference, but if you want to get money easily, and you wanted to borrow it on real estate, you have got to make the security liquid; you

have got to make it so it will flow when the demand comes for the return of the loan.

We have a provision in Virginia which works splendidly. We have what is called a deed of trust. It is different from the mortgage in this, that there is no time for redemption. Some gentlemen said this may be taken advantage of. Every law may be taken advantage of. But we have found, in practice, that the deed of trust is the best security that can be given for a loan. The land is conveyed to the trustee, who holds the legal title, with the equity of redemption that goes to the man who makes the payment. The trustee has certain powers given to him. Suppose the insurance is not paid, the trustee has a right to pay it and it becomes a charge upon the property. Suppose the taxes are not paid when due, the creditor is authorized to pay the taxes, and the taxes so paid become a charge and a lien upon the property. When the debt is due and not paid, all the creditor has to do is to notify the trustee: "My debt is due and unpaid and I want to have it proved up." Thereupon the trustee advertises according to the terms of the deed. The man who makes the deed can prescribe those terms; he can say in what papers it shall be advertised and where the hand-bills shall be posted, and how long before the day of sale; and unless the trustee complies with these requirements, his action is of no value. And that is the very thing the purchaser has to look to—whether the trustee has complied with the requirements of the deed of trust. If he has, and the sum is paid, the title which he passes is a good title. Then he takes the fund and pays the expenses of the sale, the insurance, the taxes, the debt, and turns the balance over to the man who owns the land and who made the deed of trust. You can see in this there is no provision for redemption. You put that provision in there and you safeguard the man who makes the deed of trust, but you will also, no doubt, depreciate the value of the deed of trust.

So I would suggest, in carrying out the principles of the bill, that States which have not now that provision, put a provision in its laws similar to that now in force in the Commonwealth of Virginia, where we have found it acting well, and it will make your land available, not only for security, but the very best security that you can give.

And, to sum up, I would say I would use the banks now existing, and establish a department in those banks, because not only do you get the credit of the bank behind any security that you offer to the United States Government for the money which you get at a low rate of interest, but you get a place in which the farmer can deposit his money and draw as much interest as he has got to pay, because most banks that I know of in the country pay four per cent interest on deposits. And if a farmer owes a debt and he gets the money in eight months and the bank won't receive it in full payment, all he has to do is to deposit the money on the other side of the bank—not in the rural credit side, because that side can't pay over two per cent, but on the other side more can be paid.

But suppose a farmer has a daughter who is about to be married and he wants money with which to buy her wedding outfit and start her in her new life and he is not in condition to do it; he goes to the rural credit department and they say: "You cannot borrow for such purposes; it is with good intention, undoubtedly, but it is not for such constructive agricultural purposes for which we can lend you the money." So he goes to the other side and gets it. Because the other side has the rural credit feature, it would be able to lend him that money cheaper than if it were not so connected.

Then there is another thing, and with that suggestion I am done. If you establish a rural credit bank in any community in which there is a rural credit department connected with the local banks, you go to the local banks. Are the local banks necessary? They are the institutions that lend the money for the development of the manufacturing, the industrial and commercial interests of the community. They are the institutions that build up the little towns and villages, building up and furnishing them with the things they need at home, which would not be profitable to send for at any great distance. You cannot get rid of those banks without injury to the agricultural interests; but it may be readily understood that a bank that has to pay ten per cent on its capital must make its money out of the deposits which are left after paying the interest upon these deposits. If there was an agricultural bank established independently, in a community which obtained its money from the

Government at two per cent interest, you can see at once it would be a difficult matter for the regular local bank to compete with that institution, and it seems to me it is a very simple thing. I think, if you give me the money, that in two hours from this minute I can have drawn up a statute to be passed by the Commonwealth of Virginia modifying the existing banking statutes to such an extent as to make the rural credit banks a success in that Commonwealth; but if I cannot get the money at a low rate of interest, that is the end of my hopes—I certainly cannot establish a rural credit bank, as I understand it, and pay the expense of that bank, even if I got the money at two per cent and loaned it to the farmer at less than he is able to get it down at the local banks, because the increased expense would have to be added to the amount which the bank pays the Government.

GOVERNOR McGOVERN (of Wisconsin)—Mr. Chairman, and Governors in Conference:-

This question is so large and so novel to most of us, that it is not surprising there should be considerable difference of opinion. Possibly it is desirable that there should be differences of opinion; for out of the conflict of views arising from these differences, will come a saner conclusion and better judgment as to what we should do, than otherwise might be reached.

Some things have been said this afternoon to which every one of us probably will agree, and some things have been said that imply ignorance of or inattention to some of the essential characteristics of a rural bank.

Let me approach the subject in a general way. In the part of the country where I live, there are two questions uppermost in the minds of the people. One is the high cost of living, or as some rather sarcastically refer to it, the cost of living high; and the other is the relative decline of agriculture.

Upon the first of these subjects I need not say much, because we are all familiar with the facts. The cost of living has been steadily going up, no matter what the scale or the standard upon which one lives. As to the other problem, the facts differ in each State.

I heard Governor Colquitt say a little while ago that sixty per cent of the population of Texas are tillers of the soil. In

Wisconsin, while the population of the entire State in the decade between 1900 and 1910 increased about thirteen per cent, nineteen distinctively farming counties actually lost in population, and in twenty-nine counties of my State, out of seventy-one, the agricultural population actually and absolutely declined.

Now then, when we come to face agricultural conditions such as these, and to discuss them, we are not speaking in the interests of farmers alone. It is that, but it is something more than that. We are speaking also on behalf of the general welfare and of the upbuilding of every industry, the improvement of all classes of society; for farming is fundamental, and anything that helps it lays solid foundations for enduring prosperity in every avenue of trade and manufacture and industry.

It is not a question, therefore, of four per cent loans to farmers; nor is it a question of pacifying them. It is a question rather of restoring proper equilibrium between city and country life. When you have done that, you will have made agriculture more profitable than it is, and you will have reduced the cost of living to the city dweller; for the cost of living will never be reduced to the city dweller until staple articles of food are produced more abundantly than they are now. These articles will never be produced more abundantly than now until we offer better inducements for their production, and this means better prices for the things the farmer has to sell.

Now then, what is the fact in regard to this money problem and the credit problem? It is this: our credit system has been built upon a basis well adapted to city life, to the needs of the manufacturer and the customs of the merchant, but which ignores absolutely the requirements of the farmer. What have we? Commercial paper running thirty, sixty and ninety days, and deeds of trust, as Governor Mann says, running two, three or five years at most—a mortgage running more than five years is a very rare thing, not one in a hundred probably.

Now let me ask this question: What is going to happen to the farmer, ordinarily, in thirty days, to enable him to meet a note at the bank? Nothing, nothing whatever. What fortunate condition, if the mortgage amounts to anything, will enable him

to pay it in two years, three years, or five years? We all know he cannot earn money to pay it in such a short time.

Now, gentlemen, the fact is that our financial machinery has not been adjusted, in any respect, to the necessities of the agricultural portion of our population; and, it seems to me, when Governor Mann, for whose judgment and ability I have the highest respect, suggested the modifications he proposed, that he was simply seeking to further adapt rural credit conditions to present conditions of financing in the cities, instead of adapting financial methods and plans to the requirements of agriculture. His plan would undoubtedly help the creditor more quickly to collect his debt by taking over the security; but this is done well enough now—often all too promptly and readily. What we need is a method for extending rural credits, so the farmer can pay his debts as they mature and still keep the lands he has pledged as security.

GOVERNOR MANN (of Virginia)—If you will permit me, I will say at this time, that, upon the point that you are discussing, I did not express myself. I agree with you entirely on that point. We ought to have long term loans and amortization privileges so that at the end of the mortgage term, not only the interest, but the principal will be settled.

GOVERNOR McGOVERN (continuing)—That is what I was coming to—the making of loans for improvements upon the farm, paying for live-stock, putting up buildings, taking out stumps, fertilizing the soil, draining it, and doing everything that goes to the permanent improvement and everything that has to do with productive purposes on farms, and not the furnishing of a trousseau to the farmer's daughter at the time of her wedding. The making of loans for these things should be provided for by a mortgage upon the farm; and if the farmer wants it so drawn as to provide for repayment on the installment plan, covering a number of years so as to permit him to pay the interest each year and a small fraction of the principal, I cannot understand why he should not be accommodated. In other words, the amortization plan which has been resorted to in every country of Europe for the redemption of agricultural loans should be tried here also.

That, it seems to me, is the first thing we ought to take account of—the difference between the financial needs of the farmer and the life in the country on the one hand, and upon the other the needs of the man of business or the manufacturer in the city, and the present process of loans to those who live off industry and trade.

In Europe it was found necessary to organize new institutions in order to provide the farmers with the necessary money and credit facilities to conduct their business in a proper way. A man named Raiffeisen, about the middle of the nineteenth century, founded the Raiffeisen Co-operative society, which was a rural co-operative association, formed for the purpose of loaning money and extending credit on personal security to the men in the neighborhood, to be repaid by them out of their business, but no loan was made until the committee of the society had determined by an investigation of the man who applied for it, that his character was good and that he would probably repay the loan, and that the purpose to which he intended to apply the money was a prudent and wise one and would increase the efficiency and productiveness of his farm; and so the principle of co-operative credit was introduced into agriculture, bringing to the aid of each farmer, educated or unlettered, thrifty or indolent, far-seeing or short-sighted as the case might be, the sound judgment, prudence and vision of all the members of the society. By means of the sympathy thus aroused and the co-operation and mutual help thus provided the farmers of Germany have grown and prospered as they never prospered before.

It was necessary to do that in Germany because the opening of the wheat fields in America, particularly in the great West, was rapidly driving the German farmer out of business. It was a clear case of necessity being the mother of invention. They were driven to a new method of financing and improving their farms in order to remain on the land at all. Next came the plan of the Landschaften, or land mortgage banks, which, as you gentlemen know, conduct rural financing on a larger scale.

The differences, then, are two-fold, it seems to me, between the city bank and the country bank. First, there is a difference in

he character of the industry; and secondly, there is a difference in the kind of security.

There is much merit, it seem to me, in the suggestion that money should be obtained from the government to assist in the development of agriculture; but there is also some danger involved. In many States where money has been loaned from trust funds for the improvement of farms it has not been repaid. And if the Federal Government should go into this business on a large scale, it, too, might lose money. Then, too, there is something to be said against relying too much upon the government as a source of supply for the money and credit needed to develop agriculture as it should be developed. Is it not very much better so to shape these plans for the assistance of the individual farmer and the upbuilding of the farming industry, that the money will come from the various avenues of industry and trade, for these purposes, as it now does for the improvement of manufacturing and the extension of trade, and the building up of great stores? If the plan be praiseworthy, if it be successful, why, the money will come—and in this country it should come just as it has come in France, in Germany, in Ireland, and in Belgium, from men who have money, in all walks of life. It seems to me we should not start out with the idea that the rate of interest should be four per cent, four and one-half per cent or five per cent; but we should start out with the idea, in establishing our rual credit system, of making interest rates as low as they can possibly be made and yet return a fair compensation to the lender for the use of his money. The transaction should be handled by the officers of co-operative societies, whose object is not to make profit at all, but to build up the business in which they themselves are engaged; and, indeed, experience in this country shows that there is always a sufficient number of capable and disinterested men in every part of the country to do this work without the inducement of personal profit. In every State and in every country there are men who are willing to devote their time to the upbuilding of agriculture.

A week ago I visited the northern part of the State of Wisconsin. We have splendid land there, but it is not developed, because men have come and settled there with just money enough

to meet the first few payments on the land. They had no capital with which to take out stumps, to remove stones, to build fences or to fertilize the soil; and they had no money with which to buy cattle, horses or machinery for the land. The result was they soon placed mortgages on their farms running for three or five years, in which time they sometimes made enough profit to pay the interest on the mortgages, and sometimes they defaulted in even this requirement and at the end of the mortgage period they were no better off, in a financial way, than when they began. Then came foreclosures for the amount of the loan with interest, and they were dispossessed. Then word went out that northern Wisconsin was not a good place for farming and men turned away and went farther west or into Canada. But the fact is that this land is as good as any in the State, and the opportunities for successful farming are just as good there as anywhere. But, of course, the conditions making for success must be complied with. Settlers must have enough capital to enable them to farm intelligently and profitably. They should have money enough to enable them to clear a reasonable portion of their land the first year and to farm it scientifically. If they can do this and follow it up for a few years they will soon be able to realize profits enough to pay not only the interest on their long time mortgage as it accrues, but also a portion of the principal each year, until the title to their land has been entirely cleared. Farming in northern Wisconsin even for the poor man would then be a success.

I have seen this tried in a small way. A number of men in the city of Ashland, who had farms for sale, but who had witnessed the failure of so many of these early settlers, went to the banks of their city and said, "We will present to you a written guarantee to the amount of twenty-five per cent of your loans to the settlers upon these lands we are going to sell them, if you will loan the money on that basis." The guarantees amounted, in the case of the single settlement I visited, to three thousand dollars—perhaps a little more. Upon this basis the banks loaned over twelve thousand dollars to the farmers. The co-operative societies having the matter in charge, took the money, and, with the consent of the farmers, went to the southern part of the State and bought Guernsey cows—a high grade of cattle, as you

know—and shipped them in carload lots to the farmers and sold them there at actual cost, each cow being labeled with a tag showing how much was paid for her, and the proportionate cost of transportation from the place of purchase to the place of sale. On a certain day each farmer came to the committee having the matter in charge, put his hand into a box and pulled out as many envelopes as he wanted cattle, and when he opened the envelope he found a number corresponding to the tag upon the cow to which he was entitled. He thus got her by lot, and there was no feeling of favoritism or of underhanded trickery about it.

Four years ago that community of Moquah, in Ashland county, had just two settlers. The day I was there, over a hundred farms were cleared and stocked with as fine Guernsey cattle as you can find anywhere in this country. The wilderness had been transformed into a prosperous and populous countryside with every evidence that it will continue to be as prosperous as any other portion of the State.

Now then, if men with that spirit as to helpfulness and mutual co-operation will take hold of the management of rural banks, we can make them a success. But it seems to me that we shall have to proceed in this country somewhat as they proceeded in Europe by devising a system of credit and of money loaning adapted to the requirements of rural conditions and the farming business. This does not mean that we should copy the laws of Germany, France, Ireland, Belgium or Switzerland for enactment here; it does mean that we should try to understand the principles that underlie the rural credit systems of those countries, and then seek to apply these principles to the conditions we find here. Our circumstances are different, it is true, but human nature is not different and the requirements for the up-building of agriculture are not different; and though we may modify those plans somewhat, we need not modify the principles upon which they are based. At any rate, here is a problem large enough to challenge the attention of this Conference, not only now, but at its future sessions. Co-operative credit is but a phase of the general system of co-operation which is now being applied so extensively to agriculture in all its relations—in buying farming supplies, in the sale of farming products, as well as in extending farm credits so as to transform farming and

bring back to the land the population that has been leaving it. If we can do this—if we can turn back the great human tide now flowing so strongly from the country to the city and can succeed in employing it in intelligent methods of tilling the soil, we shall have stimulated economic conditions and the whole industrial life of America as they have not yet been stimulated during the life of this generation. (Applause.)

GOVERNOR AMMONS (of Colorado)—Mr. Chairman, I desire to inform you that Mr. Gordon Jones of Denver, who is to read Senator Fletcher's paper, is here.

CHAIRMAN COLQUITT—What is the pleasure of the Conference? Shall we hear Mr. Jones read the report of Senator Fletcher?

If there is no objection, we will hear you, Mr. Jones.

Mr. Jones, a member of the committee which visited Europe, will read the report of Senator Fletcher.

MR. GORDON JONES (of Denver)—Mr. Chairman, and Gentlemen of the Governors' Conference:

About a week ago I received a very urgent letter from Senator Fletcher, in which he asked if I would present for him, to you, the paper that he had prepared and which he had hoped to deliver in person on this occasion in response to your very kind invitation. In that request he added that he would like for me to add some remarks of personal observation which could be given from first hand, of the operation of the system of rural credits societies and long term mortgage banks as we found them existing in European countries.

We exhaustively examined and went into the subject as far as we could with three months' study, but we believe, with the facilities afforded us, it was equivalent to at least twelve months' study under ordinary conditions.

Some of the remarks I make may be somewhat at variance with what Senator Fletcher has written. He has stated that he is not wedded whatever to the proposition, or the proposition as now presented, but that it is merely to get the matter before the American people for discussion at this time. I would like to know, Mr. Chairman, how long I am to be given in presenting this matter?

CHAIRMAN COLQUITT—What is the pleasure of the Conference? Shall the gentleman have all the time he desires?

GOVERNOR O'NEAL (of Alabama)—Mr. Chairman, I move that the gentleman have all the time he requires for the presentation of the report.

The motion, being duly seconded, was unanimously carried.

MR. GORDON JONES (relieved by Mr. Morrison Shafroth of Denver) read the following address of Senator Duncan U. Fletcher:

#### ADDRESS OF SENATOR DUNCAN U. FLETCHER.

Gentlemen of the Governors' Conference:

Responding to the kind invitation of Governor O'Neal, as chairman of the Committee of Governors on Rural Credits, to submit to the Governors' Conference at this meeting a preliminary report from the American Commission respecting its investigations of rural credits in Europe, I wish to express the acknowledgments of the American Commission for this consideration and to direct your attention to the fact that so short a time has elapsed since the return of the commission any report must now be of necessity incomplete and general in character.

Permit me to call to your minds that last December, some nine months ago, I had the honor, by invitation of President Taft, of addressing you at the White House, on which occasion I sought to point out the plan for assembling the American Commission, the purpose then in view, including to some extent the scope of the inquiry we expected to make and appealed to you for encouragement and support. I boldly expressed the confident hope and belief that the movement started by the Southern Commercial Congress in April, 1912, through the inspiration and advice of Mr. David Lubin, American delegate to the International Institute of Agriculture, later joined in by Ambassador Herrick and others, would be successfully carried out. President Taft and the State Department became impressed with the significance of the undertaking to American agriculture and gave it their full sympathy. It is highly gratifying to report to you that the stupendous task assigned to us was accomplished. Every step was a step forward and every detail was carried out precisely as planned with pre-eminent success. I am grateful to

you for the assistance you rendered. Some States whose legislatures met after your Richmond and White House Conferences passed special acts (I recall Ohio, California, Oregon and Washington) providing for representation on the commission. The Congress of the United States passed a joint resolution accrediting the commission to the foreign governments. The State Department communicated this fact to our diplomatic officials in the countries visited and in consequence the highest official recognition was extended the commission throughout Europe. Congress also provided in the Agricultural Bill for a federal commission of seven to be appointed by the President "to co-operate with the American Commission" in the study in European countries of the subject of rural credits. That act was approved March 4th and the commission, on the recommendation of the Secretary of Agriculture, was appointed by President Wilson, and five of them accompanied the American Commission on its tour of investigation and engaged actively with them in the work.

Without reciting further details by way of showing the widespread interest in the subject, and the forces behind the cause, I am able to state that on the 26th of April, according to our previous calculations, there sailed on the S. S. Saxonia for Italy, one or more delegates from each of 29 States, named by their Governors, and from each of four Canadian Provinces, desiring to join us. Taking more or less part in the work, some already in Europe, and some coming later, were representatives from seven other States. As stated, in addition and energetically co-operating, were the five members of the United States Commission, throughout the inquiry. These commissions returned on the S. S. Cedric, sailing from Queenstown, and arriving in New York July 26th.

Speaking now for the American Commission, which is directly connected with the States, I would say the field covered during its investigation in Europe was very broad. The countries visited included Italy, Austria, Hungary, Russia, Egypt, Germany, Denmark, Switzerland, France, Spain, Belgium, Holland, England and Ireland.

This extensive area was covered by dividing the commission into sub-committees so that considerable time could be given to

each country. It must be remembered that the commission entered upon its study with what prior knowledge of the subject could be gained from published works. Thus its task was to correct, confirm, and readjust its book gained opinions, and to visualize the subjects rather than to conduct an exhaustive investigation into an entirely new field. Every facility was given the commission by the European governments, and we are indebted for their courtesies and assistance, and likewise by the farmers' organizations. Details of the organizations visited were prepared in printed form so that no time had to be lost in that direction. I desire to emphasize the sincere appreciation of the members of the commission for the services rendered it by the American diplomatic and consular offices acting under instructions issued by Secretary Bryan.

An immense amount of material in the shape of printed matter, typewritten questions and answers, discussions, reports of sub-committees, and other data, has been collected.

It will require some months to analyze, condense, digest and put it in usable shape. It must then be considered as a basis for definite conclusions.

You can well understand we are not now in position to make a report, nor even to suggest what our final recommendations will be.

Two committees have been selected to carefully sort out and compile the data, and arrange it for submission to the full commission, with recommendations for a final report. The committees are now at work.

The members of the compilation commission are: Dr. Kenyon L. Butterfield, of Massachusetts, president of the Massachusetts Agricultural College, and formerly a member of the Roosevelt Country Life Commission; Dr. John Lee Coulter, the Government's expert on agricultural statistics; Mr. LeRoy Hodges, formerly Immigration Commissioner of the Southern Commercial Congress; Dr. Charles F. Bailey, Deputy Minister of Agriculture, Province of Ontario, Canada; Mr. Robert L. Munce, of Pennsylvania, farmer.

The members of the advisory committee are: Dr. J. E. Stubbs, president of the University of Nevada; Dr. H. A. Morgan, dean of the School of Agriculture, University of Tennessee; State

Senator John Cunningham, of Ohio, farmer; Robert B. Van Cortlandt, of New York, farmer and retired banker; William B. Hatch, of Michigan, editor and farmer; Col. J. S. Williams, of Texas, farmer; Lieut.-Gov. E. L. Daughtridge, of North Carolina, farmer.

At this time I am able only to officially give to you the preliminary statement which the commission has authorized and invite you to take it home with you and bestow upon it your careful consideration.

It is as follows:

"The commission is deeply impressed with the vital importance of a thoroughly organized and united rural population. In this respect the countries of Europe offer a lesson which may not long be disregarded in America without serious consequences.

"The agricultural interests of most of the European countries visited by the commission are organized along one or more of the following lines: credit, production, distribution and social organization for the betterment of country life.

"Organizations for the provision of credit facilities for European farmers follow the natural division into short time personal credit and long time land-mortgage credit. The organizations for the provision of personal credit facilities are as highly developed as are the systems of commercial banking. The prevailing rate of interest paid by the farmers for short time loans is from four to five and one-half per cent. The terms offered European farmers are generally better designed to meet the peculiar requirements of agriculturists than are the terms obtainable today by the American farmers.

"The personal credit organizations have the form of co-operative societies. Very often the members of these societies assume unlimited liability for the debts of the society while in other cases the societies take the form of limited liability. As a rule in European countries, the law makes little or no provision for exemptions of any kind. These short time credit societies furnish cheap, safe and elastic credit to their members by reason of their control by farmers and are organizations exclusively in the interest of farmers who operate them at nominal cost and without seeking dividend profit to such societies.

"Land mortgage credit has been organized so as to place a

collective security back of bonds issued by land-mortgage societies in contrast with the system of marketing individual loans upon individual mortgages. Without discussing the form of organization employed for this purpose, it may be stated that these land-mortgage institutions bring to European farmers low interest rates, the privileges of repaying loans in small fixed annual installments extending over a term of years—in some cases as long as seventy-five years under the amortization plan, although provision for earlier payment is made if the borrower so desires; protection from advance in interest rates; and the practical elimination of commission charges. Many of these personal credit societies and land mortgage associations are fostered by government grants, loans or special provisions of law. Mortgage bonds issued by commercial banks and by private joint stock land-mortgage banks sell substantially on the same basis with like securities issued by government favored institutions and both classes of banks are recognized as needful in the development and conservation of agricultural resources. In many instances private and commercial banks purchase the securities of land-mortgage associations. Experience has demonstrated that such land-mortgage bonds are liquid assets.

"The systems of land title registration in countries possessing such mortgage institutions practically prevent dispute of title upon mortgaged land. Provisions are also generally afforded these mortgage institutions which eliminate undue legal delays in the recovery of loans placed with defaulting borrowers. Savings and trust funds are frequently invested in securities of such mortgage institutions under sanction of law. Loans up to fifty or even sixty-six per cent are made on lands of dependable value and are considered safe and conservative and compare favorably with provincial and government bonds.

"The organizations for production and distribution of farm products follow co-operative lines. Farm products are sold by the producer at a relatively higher price and are bought by the consumer at a relatively lower price because the cost of distribution is considerably lowered by co-operative marketing which results, also, in improving the quality and uniformity of farm products and in promoting more business-like methods in farming operations.

"It is the opinion of many of the leaders of this movement in Europe that the question of rural credit ought not to be divorced from co-operation for business purposes and the general organization of community life in rural districts. In some European countries visited, agriculture and country life interests generally are thoroughly organized and co-ordinated. The studies of the commission emphasize the necessity of defining the functions, on the one hand of the government, and on the other of voluntary organizations in promoting the development of country life. In some of these countries great emphasis is placed upon the value of voluntary associations and such State aid as involves governmental control over the activities of rural organizations is deprecated as tending to stifle the initiative of the people.

"Rural conditions, environment and temperament in Europe differ widely in the various countries and also differ from rural conditions, environment and temperament in America, as conditions differ in our several States and Provinces; therefore, it may be necessary, in some cases, to modify these European systems if they are to be adapted to meet the needs of American farmers. At the same time, co-operative effort among the farmers of America might well be more generally employed and the facts gathered should be of great value in developing methods suited to the needs of the farmers in the several sections, States, and Provinces.

"To this end, the American Commission with a membership in thirty-six States and in four Provinces of Canada, has effected an organization with headquarters in Washington, D. C., and invites the aid and co-operation of farmers and all agricultural organizations and persons concerned in promoting a more prosperous and contented rural life as the enduring bases of our material, social and civil welfare.

"The commission desires to call attention to the geographical scope of its inquiries which were conducted in Italy, Hungary, Austria, Germany, France, England, Ireland, and Wales, while sub-committees were sent to Russia, Denmark, Switzerland, Holland, Belgium, Norway, Sweden, Egypt, Spain and Scotland. In all of these countries the members of the commission were officially received by the respective governments and were given

every opportunity to carry out their studies. National and local officials, central institutions, and local societies, eminent economists, leading agriculturists and business men, all contributed with most gratifying willingness to the successful accomplishment of the work of the commission.

"The Commission has selected two committees which will devote their entire time to drafting the final report regarding the investigation."

There has been no meeting of the commission since its return. November 18th has been fixed for a general assembly of the members in Washington to review the work of the compilers and take up the formulation of its findings and report which will be prepared and shortly thereafter submitted.

I was unable to accompany the commission through Europe and therefore cannot give any information based upon personal observation and experience on the ground. I realize that no amount of reading will fully compensate for that deficiency. I endeavored to keep in touch with the work of the commission by correspondence with members, through the weekly letters, which were sent out by Mr. Sevellon Brown, who was detailed from the State Department for that purpose, and I have read a considerable portion of the matter collected by the commission.

It may be permissible for me to suggest, individually, and in an unofficial way, some matters which might have a bearing on such action as you may prefer to take.

It seems quite well established that economic evolution has made organization a necessity to farmers. Co-operation is suggested as a form of organization which would secure for them at once the highest business efficiency and the greatest social strength.

Co-operative organizations should be formed with a view, first, to improving their credit facilities, secondly, to increasing their control over the marketing of crops and to strengthening their position as buyers and sellers, and thirdly, to establishing a channel whereby educational propaganda and work for the improvement of country life conditions may be effectively brought to the individual and his co-operation and participation in that work secured.

#### CREDIT.

Credit is the keystone of the organization proposed. American farmers possess potential credit of vast amount. The task is to discover a plan whereby that credit may be made cheaply and easily available.

The credit requirements of farmers differ radically from those of merchants and manufacturers chiefly because returns from money invested in agricultural enterprises are much slower, though more certain, than returns from other enterprises. For this reason in many European countries financial systems have been established devoted exclusively to the interests of the farmer.

In the United States the farmer is dependent upon a banking system operated primarily in the interests of merchants and manufacturers, interests which are dissimilar to agriculture.

These European credit systems seem to be of two kinds, those providing personal, short-time credit for operating purposes, and those providing long-time mortgage credit for works of permanent development and purchase.

#### PERSONAL CREDIT.

The most highly developed systems of short-time agricultural credit institutions are found in Germany. They are in the form of a pyramid composed of local co-operative credit societies, central societies operating generally over a province or administrative district and a main central society, as the apex, at Berlin.

Every farmer joining a local society assumes liability for its debts. In other words, he signs over his credit to the society and with this collective liability or credit as security the society contract loans and solicit savings deposits. There may also be a cash capital subscribed or a cash reserve built up to serve as security in addition to the collective liability but it is the liability which forms the chief security. The funds thus secured are loaned by the society to its members. A rate of interest is charged members on such loans sufficiently above the rate paid by the society to creditors so that the margin will cover the expenses of the bank and leave enough over for reserves or other purposes.

In their operation it is necessary to insure two things, first, that creditors shall be protected in their loans, and second, that members shall be protected against the losses to which their liability subjects them.

The members are protected by placing every possible safeguard about the loans to insure their repayment. This is done, first, by admitting to the society only persons of good standing. Then it is provided that loans shall be made only for productive purposes, the borrowers being required to state for what purpose he desires a loan. Further, the territory of operation for each society is limited to an area wherein every member knows every other member and is in position to find out whether the borrower is living up to the promises he has made to the society. The liability assumed by members is depended upon to keep them watchful of the affairs of other borrowers and in a rural community this check is extremely effective. Also, profits are either prohibited or so strictly limited that there is no incentive to speculation as a means to swell the income of a society. The officers of the society are so chosen that one set or board keeps check on the other. The liability of all officers insures their watchfulness. The general management of the affairs of the society are left in the hands of the general assembly of all members. No matter what stock ownership a member may have he is entitled to only one vote. His stock ownership is generally limited to a small amount. In this way these societies are insured a conservative management and maintain a surveillance over all loans made to members far closer than that maintained by the average commercial bank.

All such local societies within a certain territory are combined to form a central society. A central bank is established which has, first, a small cash capital subscribed by the local societies, and secondly, *the collective liability of its constituents banks as capital*. These central banks receive as deposits the surplus funds of local societies and loan them in turn to other local societies. In other words, they equalize supply and demand between the local banks. They are hardly more than paper institutions. Their management is undertaken through officers chosen by the local societies through a representative system.

The main central banks act as equalizers for the central banks

above mentioned. The effect of this pyramiding of the societies is to concentrate all of the borrowing and investing for a system in one big institution. The deposits, of course, are taken in by the local societies and as those societies develop, these form the bulk of the system's resources. In Germany, such deposits have at times formed over ninety per cent of all the funds required for loans by an entire system.

#### MORTGAGE CREDIT.

The worst feature of the farm mortgage in this country is in its individual character. An investor buying a farm mortgage must determine the sufficiency of the security offered by the land upon which the mortgage is executed; must attend to collections of principal and interest; must see that the taxes are paid and that the property is not allowed to depreciate in value to a point where the security of the mortgage is jeopardized. Obviously these responsibilities placed upon the mortgagee make it necessary that he shall be a person in a position to keep posted with regard to the land upon which he has loaned money. As long as this is true the market commanded by a farm mortgage will be restricted. Life insurance companies control practically the only source of money to which the farmer may turn in disposing of his mortgage besides the individual lender or his direct agent. The individual lender controls the market. Therefore American farmers today are paying one rate of interest in one State and another elsewhere. They do not secure the advantages which ability to compete in a wide market bring and since their mortgages do not form a liquid investment they are required to pay a higher rate than other borrowers who do not offer, perhaps, as good security.

The second, and perhaps the greatest, disadvantage is the limited time for which a farmer may borrow money on a mortgage and the fact that he is required to pay back in a lump sum the entire principal of the loan at the end of that short time or else contract a new mortgage—that is, secure a renewal. An individual lender cannot be expected to place his money in a non-liquid investment for more than about five years. He may grant a renewal of the loan but he must reserve the privilege of calling in the loan at the end of that time and may increase the interest.

It will require the farmer, who has invested the money secured from the mortgage in farm improvements, far more than those five years to realize the entire principal. These disadvantages will rest upon the farmer so long as he is obliged to sell his mortgage direct to the investor—in other words, so long as it is an individual transaction. In Europe a remedy for these disadvantages has been discovered which does not involve the government, except in its proper role as a controlling influence, and *which does not jeopardize the safety of banks of deposit.*

The effect of the European system is to break all connection between the mortgagor and the mortgagee. An institution is established which appraises the land of farmers desiring mortgage loans. The loans are granted by such institution, which retains the mortgage. Then mortgage bonds, secured by the mortgages, but as the direct obligations of the institutions, are issued. No one bond is secured by one mortgage, but each bond is a lien against all of the mortgages. Thus the investor in place of buying paper secured by one farm and having to determine what sort of a farm that is, buys a bond secured first by a "pool" of mortgages, and, secondly, by an amortization fund created by small payments made as the interest is paid.

They are issued payable to bearer; are generally listed on the exchange, and so form a liquid asset. With these features the bonds sell at far lower interest rates than individual mortgages. The farmers are charged a rate sufficiently above the rate paid on the bonds to clear a margin for the institution to pay expenses, build up reserves, or for other purposes, as desired. But the expenses of operation of such companies are so small in comparison with the volume of business done that this margin of profit may be taken by the institution and still the money can be loaned to farmers much cheaper than they can secure it for themselves. This is the first advantage brought by such institutions—cheaper interest rates.

These mortgage bonds run for an indefinite period. Each year the farmers are required to pay, besides the interest, a certain percentage towards reducing the principal of the loan. This money is used by the institution to buy up bonds from the market. Thus if an institution issues \$100,000 of bonds and loans that amount on mortgages, the mortgagors each year pay the

institution \$5,000 to reduce the principal of their loans. This money is used to buy up bonds. In 20 years the entire issue of bonds would be bought up. It is in this way that all European mortgage loans are paid up. Sometimes mortgages run for fifty or seventy-five years. The bonds are retired by lot, the company generally reserving the privilege to buy them in at par or at a slight premium. Also the payments of the mortgagors now are generally the same each year, a larger portion of the sum going towards principal and a smaller towards interest as the principal is gradually reduced. For instance, it is figured that a farmer having a loan at 4.3 per cent and paying each year 6.56 per cent would wipe out his loan in 25 years. This practice, called amortization, is of the greatest value to farmers for it makes their payments on principal consistent with their income from money expended on agricultural improvements. So long as the farmer meets these annual payments the mortgage will not be foreclosed. Also, the interest rate can never be raised during the life of the loan.

Thus we see that such a system reduces interest rates, makes the demands upon the farmer consistent with his income, eliminates commissions, protects him from foreclosure and from an advance in interest rates. It changes a mortgage from a burdensome debt to an advantageous form of credit—an investment.

This plan of mortgage credit means more money for machinery, for purchasing new land and for developing poor land. It means fewer tenants and more owners. It means better rural life conditions. Obviously it would be unprofitable to attempt to develop land on money borrowed under such disadvantageous terms as now prevail. Not only are the rates higher (that is the smaller portion of the problem, I believe) but the farmer is forced to pay back his loan before he can make his farm pay that amount. That is the really great burden upon the farmer. That is the reason, I believe, why nothing more is done towards opening up the lands of the West and bringing more land into cultivation in the South. The example of Germany in this respect is astounding to Americans. Our commission was told that Germany is supporting today 67,000,000 people, is producing 95% of the food they consume, and has definite hopes of increasing that percentage. This is being done on land centuries

old that obviously was never particularly fertile. They are doing this through three influences—credit, cheap labor, and scientific methods. Of course, cheap labor, as it is known on the Continent, is not to be considered in this country during this generation. I believe that we have the machinery to spread scientific methods. What we need above all is the credit necessary to bring those methods to practical fruition upon the maximum number of acres. As compared to Germany's record,—we find in the United States the number of tenants increasing, the farm mortgage debt increasing, exports of food stuffs diminishing, imports of such products increasing, the movement from the country to the cities and towns augmenting, production of food supplies approaching steadily to the point where we will have none to export, and it will soon become a question of supplying the home demand.

It is true there have been rises in land values and advances in the price of foodstuffs, due, at least to a large extent, to the disproportionate increase in population in comparison with the increase in agricultural productiveness. It does not represent sound agricultural progress.

#### BUSINESS CO-OPERATION.

Every farmer must be a business man as well as a producer. His success depends almost as much upon his efficiency as a buyer and seller as upon his efficiency as a producer. It is in this capacity that the farmer touches the highly organized commercial world and it is in this contact that he has suffered most. Clinging to his individualism the farmer has attempted to stand against the organized forces of commerce. In the few instances in which farmers have organized, notably among the fruit growers of the Pacific Coast, and the dairy farmers of the Northwest, they have demonstrated the increased strength attainable through co-operation. The beginning of organization along these lines has already been made in this country and the task is simply to spread the doctrine broadcast, and to lend assistance in the preliminary work of organization. The reason that farmers have not more generally organized along these lines in the United States is that our farmers possess a more intractable individualism than do the farmers of European countries and

that in many sections they lack the essential foundation for such organizations—*credit*. The advantage of a co-operative credit system would be twofold: first, it would prompt the farmers to co-operate, and, secondly, it would afford them credit to make possible the organization of buying and selling co-operative societies. I believe that when the farmers come to realize the sacrifices they are making to cling to the hollow shell of an old fashioned individualism, which has been cast aside long ago by the urban industrial classes, they will accept this new doctrine. The task now is to afford them a credit system or plan and with that at their command the other forms of co-operation would follow from the sheer force of their economic advantage.

Although the co-operative purchasing societies of many European rural societies are organized separately from the credit societies, the co-operation between the two is very close. In fact, the purchasing societies generally depend upon the credit societies for their very existence. The principle of the co-operative purchasing societies is simply wholesale purchasing. Needs are estimated and contracts made for the wants of a community for a year or perhaps longer. Orders of individuals are then collected and forwarded through the societies to merchants or manufacturers. Some sorts of goods are bought outright and stored by the societies. The greatest benefit from such practice is only to be secured through the centralization of a system of co-operative societies in which case the purchases are made upon a sufficiently large scale to materially affect prices. This centralization can be very easily effected through the central societies organized by the credit societies. In the purchase of manures and fertilizers the co-operative purchasing societies render a great service to farmers by demanding that all goods purchased conform to a specified chemical analysis and they buy direct at wholesale prices.

The organization and operation of co-operative sales societies would depend upon the sort of produce to be sold. Types of co-operative dairies and co-operative fruit selling societies already exist in this country. The formation of such societies is purely a question of securing the most efficient business management.

However, it requires credit to finance such societies. Where farmers are buying in the spring on credit from merchants and are selling the minute their crop is harvested, in order to realize cash, they cannot operate such societies, without a species of organization by which their collective credit can be utilized. This condition prevails quite generally in the South. In other sections the farmers have been able to finance such societies but if their credit facilities were improved it is reasonable to suppose that the strength of such societies would be thereby increased.

When thorough business co-operation is established in a farming community and the co-operative principle is accepted, it is almost certain that the farmers will fall into the habit of co-operating upon general social and civic lines. I believe chambers of agriculture organized in the country districts would be found of great value.

All of this organization work in European countries has been carried on through voluntary organizations. In some instances the governments for their own ends have attempted to control the movement, but the results of such control have not generally been regarded as satisfactory. A close study of the subject will show that the entire plan is based upon the idea of self-help and public nursing is not calculated to give strength to such organizations.

Organization along co-operative lines has been demonstrated to be of great value to the farmers in European countries and well directed work of that kind ought not to be delayed or meet with indifference in the United States.

The Rosetta Stone is the word "Co-operation."

Permit me to say further, individually, that in my judgment our rural population needs a financial plan or system separate and distinct from a commercial banking system, to meet their requirements. They should have facilities for short time cash accommodations at reasonable rates which can be had by co-operative institutions and they should have a plan or means for obtaining long-time loans at a low rate of interest with sinking fund or amortization feature.

The question of State legislation to effect the establishment, management and control of such organizations, societies, asso-

ciations or institutions will no doubt receive your earnest consideration.

Agriculture can be relieved of enormous burdens, serious difficulties can be overcome by proper procedure. Our farmers do not ask for special favors, but there are some problems which are yet unsolved and constitute obstacles in the way of their progress.

The solution of these problems will not only mean the redemption of agriculture, the reconstruction of rural life, but go far toward reducing the high cost of living, and relieving other burdensome conditions.

It will mean not only relief to the farmer but the permanent enhancement of the general welfare.

Texas has recently passed a law which I believe will be found practicable and advantageous.

Mr. Charles Hall Davis, a distinguished attorney of Petersburg, Virginia, with a large banking and business experience, and a thorough sympathy for our agricultural interests, has bestowed much thought and labor on the subject of rural credits, and he prepared a plan for the organization of a system of state rural banks. It is set forth in Senate Document No. 1006, which I would be glad to supply to all who may wish it.

I submit the following outline of the bill, which may be of interest:

The bill (S. 2909) "to provide for the establishment, operation, management, and control of a national rural banking system in the United States, and for other purposes," formulates a plan for a complete system of rural banks for the United States to be organized under a Federal charter specially designated to meet the financial requirements of the farmer, which, in the order of their importance, may be stated to be:

First. The need of capital for the permanent improvement and equipment of his farm. This capital must be permanently invested or else borrowed on the credit of his land for a long period so that it can be repaid in small annual installments. The need of credit arrangements whereby he can acquire lands and a home.

Second. The need of banking facilities to enable him annually to secure temporary banking accommodations, so as to

provide the money for supplies, for tilling the soil, planting, cultivating, harvesting, and marketing the crop.

Third. The need of business methods in the farmer's operations. The farmer must be able to furnish to his banker statements showing the condition of his business.

For the purpose of providing the means of supplying these needs the bill authorizes the establishment of three separate classes of institutions, which are as follows:

(1) *The local national rural bank*, with a minimum capital of \$2,000, confined in its operations to a small district, and owned and operated by local farmers. The capital stock, which is nontaxable, is divided into shares of the par value of \$10 each and is sold at the price of \$25 per share. Possible control of the bank by any individual is prevented. The character of business is limited, so that the bank's operations will conflict as little as possible with commercial banking.

While the operations of the local banks are confined to the small political subdivisions of the State, no limitation is placed on the number of banks in that subdivision. The net earnings are used to pay a dividend of 6 per cent on the amount of the investment, and then to create a surplus. The stockholders have a double liability until this earned surplus is equal in amount to the capital and paid-in surplus. Thereafter one-half of the net earnings, over and above the dividend, is used to create an additional surplus, the balance being refunded to borrowers, so as to reduce their interest rate. When the earned surplus is double the amount originally invested, the stock is bought in by the bank at what it originally cost. The bank then becomes a mutual bank without capital stock, lending its money so as simply to pay its current expenses and maintain its existing surplus, thereby still further reducing the rate of interest on loans. In case of dissolution, the surplus of the bank, after the stockholders have received back the money invested, is to be used for building or maintaining good roads in the political subdivision where the bank is located, under the direction of the Department of Agriculture.

(2) *The State national rural banks*.—Of these, there will be one for each State. The stock of the State bank is owned and its operations are controlled entirely by the local banks in that

State. The State bank acts as a clearing house and as a reserve agent for the local banks of the State. Its net earnings are used to create a surplus and to pay dividends to the local banks as its stockholders. All of its profits ultimately go to the local banks.

(3) *The national rural bank of the United States.*—This bank is to be located at Washington. Its stock is owned entirely by the local national rural banks and by the State national rural banks. It will be controlled by nine directors—five being selected by the banks, to serve for eight years, and four being selected by the President of the United States, subject to the confirmation of the Senate, to serve during good behavior or for life. From the five selected by the banks, these same banks will nominate two, and from the four selected by the President these same banks will nominate one. These three nominees of the banks will be submitted to the President, who, from these three names, must appoint the president and the two vice presidents of the central national rural bank. A new selection of these officers will take place every eight years.

The net earnings of the national rural bank of the United States are used to pay a fixed dividend to the local and State national rural banks owning its stock, and to create a surplus. Ultimately all the earnings of the national rural bank of the United States will go to the stockholding banks.

The distinguishing feature of the whole system is the extraordinary power given to each and all of the banks in this system to use their credit, as well as their cash assets, to aid in meeting the farmers' needs.

The only asset which the farmer has available for the production of capital is land. This capital must be produced by borrowing on the security of the land, or by the creation of a long-term first-mortgage bond, repayable in small annual or amortization payments, so that the bond can be paid off out of the profits derived from the improvements made to the farm with the money derived from the sale of the bonds.

The bill provides for the guarantee or indorsement of long-term farm bonds, or notes, secured by liens on farms at not exceeding 60 per cent of the value at which they are assessed for taxation, by the local national rural banks located in the politi-

cal subdivision of the State where the land is. After being so guaranteed by the local national rural bank (with a minimum capital and paid-in surplus of \$2,000), the bond can be guaranteed also by the State national rural bank, having a much larger capital and surplus; and can then, in turn, be guaranteed by the national rural bank of the United States, with a capital and surplus exceeding \$100,000,000.

The same local banks, which, by so using their credit, can furnish the farmer's capital requirements, will also serve to collect together the neighborhood funds in the shape of deposits, and make them available to be loaned to meet the temporary or annually recurring banking requirements of the same farming community. The local banks, making these temporary loans, will require the farmer to observe business methods, to keep accurate statements of his affairs, and to take inventories at stated intervals.

The essential and distinguishing feature of a rural banking system is the ability to use its credit. It is obvious that a commercial banking system can not safely use its credit in this manner. Any effort to broaden the scope of commercial banks so as to allow them to do this will result simply in weakening the commercial banks without affording adequate relief. That this is true is demonstrated by the history of every European country which has attempted to solve this problem. In all of these countries the commercial banks and the rural banks operate side by side, each fulfilling its appointed function.

But a system of banks especially restricted in their operations can safely guarantee the payment of long-term bonds where a sinking fund sufficient to pay the bonds at their maturity is provided; and thereby the bond can be made a high-grade investment security, readily acceptable by investors all over the world.

As a condition of operating the proposed system of rural banking, there is created in the Treasury Department a division of rural banking to exercise control over the banks authorized under this bill.

This bill, it will be seen, places all rural banks under Federal charter. The Davis plan puts local rural banks under State charter. This point of difference, particularly, should be espe-

cially studied by the Governors of the States who are peculiarly qualified to pass upon it. My idea is, if the rural banking system is to be complete and harmonious, the whole should be under Federal charter and then co-operative societies for buying, selling, marketing, storing and the like should operate under State charters because they must be, obviously, local in character. The proposed rural banks fill the place of European land mortgage and Raiffeisen or personal credit banks.

With such a system of rural banks, the States should encourage the formation, not of new personal credit banks, but of co-operative purchasing, selling and the like societies, which can get needed credit facilities for rural banks,—and the States should urge farmers to aid in establishing the rural banks as a means of hereafter financing co-operative societies where formed.

In a speech before the North Carolina Bankers' Association, now printed as Senate Document No. 141, Mr. Davis has supplemented this plan for State systems of rural banks, by outlining a plan for a national rural bank as a capstone of the State system, and by indicating the part which should be taken by the Federal Government, if our local rural banks are to be opened under *State control*.

It has been my belief and hope that a system might be devised, analogous to that plan, national in scope and character and provided for by act of Congress.

A bill was introduced by me in the Senate on August 9th, and I then discussed the subject, and also had printed a statement outlining and explaining the bill. I took the position that no commercial banking system could be made to suitably accommodate the farmer; that a distinct system adapted to his needs was necessary. I wish it understood that I did this on my own responsibility and not as chairman of the American Commission, or in any official relation whatever. I wish it further understood that I am not committed to the plan there set forth to such extent that I am not ready to yield it, or any portion of it, if a better scheme is presented. It provides for a definite, clearly defined national rural banking system. It touches the States at many points. Land title laws, foreclosure laws, laws regarding voluntary societies organized not for profit and other

State laws existing or to be enacted should be amended, passed or dealt with in order to perfect the proposed system and make it in the highest degree beneficial.

The bill is S. 2909 and is referred to the Committee on Banking and Currency. I will be glad to furnish copies as desired.

In my remarks on that bill August 9th, I have endeavored to set forth the farmers' financial needs and the methods by which these may be supplied. I designated then "his temporary banking needs," which correspond to what I have herein referred to as his "personal credit" needs. That is, his every day life needs which the Germans have found can best be provided for under the Raiffeisen system.

I called them his "capital needs," those which correspond to what I term herein his "mortgage credit" needs. That is, to be provided for by long-term bonds, bearing a low rate of interest, with the amortization feature. The German experience is a system like the Landschaft is the best yet devised for this purpose. Whether these two requirements can be provided for in one measure and in one system is somewhat difficult to determine, but I believe the bill combines them in a workable and advantageous way.

On the 13th, the President gave a statement to the press of the country in which he said: "Special machinery and a distinct system of banking must be provided for if rural credits are to be successfully and adequately supplied. . . . There is no subject more important to the welfare or the industrial development of the United States. . . . There has been too little Federal legislation framed to serve the farmer directly and with a deliberate adjustment to his real needs. . . . This is our next great task. Not only is the Government commission about to report which is charged with apprising the Congress with the best methods yet employed in this matter, but the Department of Agriculture also has undertaken a serious and systematic study of the whole problem of rural credits. The Congress and the Executive, working together, will certainly afford the needed machinery of relief and prosperity to the people of the countrysides and that very soon."

I have contended all along that our present banking and currency system is framed to serve commerce and the industries

other than agriculture. For fifty years it has discriminated against agriculture. I am convinced this was not a deliberate blow at agriculture, but arose for the reason that no commercial banking system can be framed so as to adequately serve agriculture. We must have a distinct system to meet the requirements of the farmer.

I would prefer to go on with that subject now while the banking and currency bill is up, but the President is doubtless right, in the circumstances, in advising that it go over until the regular session next winter.

While I believe wholesome and helpful legislation can be enacted by Congress, along the lines I have indicated, I beg again to say there is much the States must do if the system is to become the success it should attain in order to be a powerful and effective means towards accomplishing the welfare of the largest producing class of our people and the prosperity of our greatest industry, indeed, the general good.

I believe you will recognize there is need of action by the States. I would not presume to press on you specific action. You will permit me, however, to urge *uniformity* in any action you may take and a full consideration of fundamental principles as a preliminary to any decision. It would seem possible to simplify and make uniform the land registration laws and that certainly is greatly to be desired. The same thing is true as to the laws, practice and procedure with respect to foreclosure of the mortgage lien. While devising a system advantageous to the borrower it must be borne in mind that the lender is to be protected fully.

The investing public in this country and from other countries while willing to accept a low rate of interest will insist that the security shall be safe and readily realized upon in case of default, without delay or expense, and the procedure ought to be practically the same, no matter from what State the security comes.

It took forty years to establish the Raiffeisen system, but the grave of the pioneer is a shrine and the monument over it is one of the most prized in all Germany. It will take time to create conditions and establish a like beneficent system in the United States, and we cannot begin too soon. (Applause.)

GOVERNOR SLATON (of Georgia)—Mr. Chairman, I rise to inquire whether the paper will be embodied in the Proceedings of the Governors' Conference?

CHAIRMAN COLQUITT—It will be printed in the official proceedings.

GOVERNOR O'NEAL (of Alabama)—Mr. Chairman, I move that Mr. Jones be now requested to proceed with the presentation of his own personal observations and views.

The motion, being duly seconded, prevailed.

Thereupon Mr. Gordon Jones delivered the following address on "Some Methods of Financing the Farmer":

It is generally contended that in the development of the industries of this country, agriculture has not received necessary attention or been satisfactorily financed, while at the same time it is a recognized fact that the general and permanent prosperity of the State and Nation depends upon the success of that very industry.

In order that the American people might be awakened to these necessities, the American Commission was assembled for the purpose of investigating at first hand the methods employed in older countries than our own, which had faced similar problems and had devised peculiar systems of their own for overcoming the difficulties. This commission was composed of about sixty delegates nominated by the Governors of different States, Premiers of the Provinces of Canada, commercial bodies and farmers' organizations, co-operating with the seven members of the United States Commission, appointed by the President. I had the honor of representing Colorado on this commission, having received the double nomination by His Excellency, Governor Elias M. Ammons and the Denver Chamber of Commerce.

The full report of the commission will not be issued until near the close of the present year, but it was understood that each delegate might use the information gathered in making report to his own State. This has been done by me, at the same time disclaiming on behalf of the American Commission, all responsibility for any statement made or opinions expressed. This paper covers the subject matter of my official report, though somewhat elaborated upon, and is largely based upon personal observation and inquiries.

Most European rural communities are organized along co-operative lines, and co-operation as there practiced teaches many lessons that are of more than passing interest. It is not "communism," for it is not "*a scheme which contemplates holding all wealth for the equal use or advantage of all.*" It is not "socialism" as it is not "*a system of social reform which contemplates a complete reconstruction of society, with a more just and equitable distribution of property and labor.*" It is "*the association of a number of persons for their common benefit,*" and as practiced in Europe one of its fundamental principles is to assist and encourage the man of limited means in every way possible, so as to make him more thrifty and successful. European governments have fostered and encouraged these activities, as a means of assisting the peasantry to land-ownership, and at the same time dividing large estates that were not being profitably handled by a system of landlordism. In certain sections co-operation is encouraged by the government, largely to combat socialism and in other sections "it is prompted by the Catholic Party, with a sectarian character."

The investigations of the American Commission covered Finance, Production, Distribution and Rural Life. Colorado had the honor of having her delegate elected a vice-chairman of the finance committee, who devoted nearly all his time and energies to investigations directly touching that phase of the work. Proper committees investigated the other subjects, though the investigations often co-ordinated and overlapped, and a general idea was obtained by all the commission on the different phases. But as that of finance bears directly upon the subject in hand, this paper is confined to that particular phase, drawing comparisons to the systems of financing the farmer in vogue in European countries visited with those in our own, in an endeavor to determine whether some such system or modification thereof could be made applicable to our own needs.

There is no doubt but what co-operative credit societies throughout all Europe have enabled many of their members to obtain credit where it would have been impossible through individual effort. In comparison, the fact must be kept constantly in mind, that rural conditions, environment and temperament in European countries differ widely from rural conditions, en-

vironment and temperament in America. There the farmer with his entire family cultivates the soil and gathers his crops. He with his wife, sons and daughters work in the field. It is not unusual to see several generations at work on a small tract of intensely cultivated land, with yet another coming generation using the corner of the field as a nursery.

In the countries visited the farmers usually live in villages, not small towns, but farm villages, where in their social life they learn to know and understand one another, both personally and financially. Every farmer knows the business of every other farmer and his borrowings are common knowledge. In each country visited they are of a single nationality with a natural similarity of temperament. The European farmer is a "fixture" on his place, which possibly his forefathers before him had owned and his family expects to continue. The American farmer, at least in the West, usually does things on a larger scale and hires much of his help. He lives to himself and not in a village. In a sense he is usually a land speculator; that is, ready to sell at a fair profit and buy elsewhere. He has been taught from early life to avoid obligating himself to pay the debts of another.

#### TWO DISTINCT SYSTEMS.

European rural credit systems follow the natural division into *short-term personal credit societies* and *long-term land mortgage associations*. The organization of co-operative societies for short-term credit was forced upon the farmers because of the lack of other banking facilities. Capital had not sought investment in country bank stock. Therefore the farmers had no place of deposit or obtaining credit for their temporary needs, and the organization of the co-operative credit society was the result. In lieu of capital stock, credit is pledged—sometimes with a limited liability of its members, but more often unlimited. That is, when a farmer becomes a member of a co-operative credit society (or bank as it is called in some countries, though in others the use of the word "bank" by them is prohibited) he pledges his entire worth for the debts of the society.

In Germany these societies have reached their highest state of development. Throughout that entire empire, the number of reg-

ular banks, including these co-operative short-term credit societies, equals one for each four thousand population, or one for about each eight hundred families. This is practically the same ratio of banking institutions to the population that exists in the United States. It is therefore obvious that this form of rural co-operative banking occupies the same field in that country that is occupied by the country banks in this. It is not a difficult task to determine the holdings and the financial standing of a borrower because of the simple methods of property assessment and title registration. Property is assessed at full value, which valuation is generally used as an appraisement or for a basis of credit.

#### SHORT-TERM CREDIT SOCIETIES.

These short-term credit societies throughout continental Europe are generally federated, and own and operate a central society in some large commercial center. There are hundreds, and sometimes several thousand thus federated. There are no established rules governing these individual societies, each being left free to make its own by-laws, by them termed "Constitution" for the conduct and regulation of its own business. The Central does reserve the right of supervision and examination, as a creditor; for these local societies obtain needed financial assistance through the Central; that is, the Central extends loans to or rediscounts for the local societies. When its own resources are exhausted it in turn obtains help either from the Banks of Issue or some large commercial bank. The local societies deposit their unemployed funds with the Central. When demand is light in one section and strong in another the Central thus serves as an intermediary between the locals in equalizing the condition.

The Central Society has a capital, furnished by the local federated societies in proportion to their own membership, and is thus owned by them though they exercise little or no supervision or control over the Central. In this manner the Central is the servant, and not the master of the small societies and is, therefore, opposed to the system of branch banking where the parent or central bank owns and controls the branches. These local societies assume no liability for the debts of the Central

or of one another, though the individual members may have *unlimited liability* for the debts of their own local society. This unlimited liability, it should be kept in mind, is in lieu of a paid up capital stock.

European co-operative credit societies operate without *direct profit* to their members; their object being to render financial assistance and advice so that the members may make their profits upon their individual efforts. In some cases the government has made liberal advances to such societies upon a nominal or no-interest charge. When they are thus fostered, the government exercises certain control and supervision over them. This is objected to by others who operate without government assistance of any kind. Such aid as involves governmental control over their activities, is deprecated by some as tending to stifle the initiative of the people. In all cases, however, upon investigation we found these credit societies have recourse to a Bank of Issue, either directly or indirectly, for temporary financial assistance. Their assets consisting of farmers' unsecured paper are accepted as collateral or rediscounted with the endorsement of the society, there being little or no distinction made in accommodations granted the societies of limited and those of unlimited liabilities, or of those under governmental supervision or operating independently, so far as learned.

#### LOSSES AND FAILURES.

It should be borne in mind that losses are sometimes sustained by these rural short-term credit societies, just as losses are sustained by our country banks. When losses occur they are met out of the small profits, if sufficient; if not sufficient, by an assessment; if too disastrous the bank is closed.

During the year June, 1910, to May, 1911, about sixty such co-operative societies in Germany dissolved, most of whom had not tried to affiliate with a Central, and according to the yearly book of the Association of Co-operative societies in Germany, "*Their dissolution was principally owing to insufficient knowledge on the part of the founders of the requirements of economic and credit associations. Several societies became bankrupt more on account of ignorance of proper management than because of dishonesty.*"

In Austria one of these large Central Societies not previously under government control is now in the hands of the government and in process of liquidation. Its management had proved inefficient and unsafe and the inevitable crash was pending. Realizing this meant financial ruin to the farmers throughout that province, as the Central had deposits from some eight hundred federated societies, the government advanced about a million dollars to pay the liabilities and took over the assets itself.

Another disastrous failure of a Central located at Darmstadt, Germany, which was threatened while we were there, is coming to light. It now appears that not only has the entire capital of about \$600,000 been wholly lost, which of itself will embarrass the locals because of their owning the capital of the Central, but that the deposits carried by the locals will also be largely lost. I will here quote from a report just received from Berlin:

"Of course, the little banks had the right, as shareholders in the Central, to exercise a rigid supervision over its business activity. But human nature is quite the same in Germany as elsewhere. The financiers of the villages were conscious of their inexperience and were only too glad to trust what seemed the larger wisdom of the men at Darmstadt. These were at the capital of the State; were in contact with a larger world than the peasants, and the latter were lulled into a false security."

"The effect of this failure upon individual rural banks will be in some instances very grave. Several institutions will lose so heavily that fears for their existence are finding expression in the newspapers. Some are on the verge of ruin, and several at least will have to undergo a reorganization. Individual farmers and laborers will also suffer severely. In some villages the losses for each shareholder in the rural banks will run as high as \$250 to \$500. It appears that in these cases wage-workers are among the chief sufferers—men to whom the losses named amount to a calamity. On the other hand, many of the rural banks had no deposits at Darmstadt, but were borrowers from it instead; these can lose only their part of the capital."

"The moral effects of the breakdown are apparently very bad—out of all proportion, in fact, to the actual dimensions of the failure. A new central bank has been organized, indeed, to take the place of the failed concern; but it has not yet at-

tracted considerable confidence on the part of the individual village banks. These latter have had their faith shaken and are holding back with their money for the present. Hence the new central bank had been able, up to about the end of June, to attract deposits of only about \$125,000.

"Meanwhile the new organization is bestirring itself to find ways and means of relief for the community of banks involved in the losses of the Darmstadt concern. It has addressed a memorial to the Government of Hesse in which it gives the following description of the moral effects of the failure there: 'The broad masses of the country population, which far too long maintained an attitude of non-criticism and really of non-participation in the management of the co-operative central banks, are indignant when they feel that they have been deceived by their former authorities. There is a danger that community spirit, that good teamwork for the common benefit of the agricultural population, which is really the life-element of the co-operative movement, will give place to a disintegrating spirit of controversy, to a strife of all against all. Even in the Province of Rhine-Hesse, where, in other cases, practical decisions and energetic action have been swiftly adopted, men were wasting their strength in futile quarrels.' "

#### SOME REASONS FOR LOW INTEREST.

There are no legal requirements for a cash reserve throughout Europe so far as ascertained, excepting the gold reserve required of the Banks of Issue. Therefore all European banks, the large commercial institutions as well as the small credit societies can be of the greatest possible benefit to the people, for they are not required to lock up a large part of the country's circulating medium in a useless, so-called, reserve, which is not allowed to be used to even meet the contingency for which a reserve is supposed to be held. *While seeking for methods of improving our financial system and for lowering interest rates, it would be well for our law-makers to give serious consideration to the abolition of useless reserve requirements, provided a sufficiently strong credit expansion and note issuing power is created.* So long as our banks are required to keep a considerable portion of their deposits in idle and useless reserves, interest rates will remain

proportionately higher than necessary. There are hundreds of millions of dollars of the country's circulating medium thus uselessly locked up.

In addition to operating without reserve requirements the European Rural Co-operative Credit Societies are organized, as before stated, without capital, and without the view of profit. The loaning rate is regulated just to meet the expenses of operation. Such expenses are held down to the minimum, with little or no taxes to pay. The Cashier draws but a nominal salary, usually getting his livelihood largely from other sources, and holds his position as a secondary matter. The president and directors serve without compensation. Unless there is a considerable volume of business no bookkeeper is employed. Book-keeping is simple as checking is not done, as it is done with our country banks. Such societies seldom cash or receive for deposit checks or drafts on other banks. Doors of the small societies are open on stated days, once each week or sometimes semi-monthly. The furniture and fixtures account is nominal, as usually a table, desk and chairs constitute the entire equipment —often not even a safe. Sometimes a room in the home of the Cashier is used as its place of business. I doubt if our American farmer would be satisfied with this sort of banking facilities, and at the same time render himself liable for all the deposits and debts of the bank in order to be able to obtain his money at a less rate of interest, or at least I doubt if the more *responsible* farmer, who would give strength and standing to such a bank, would be.

GOVERNOR SLATON—I would like to ask if the bankers on the committee reached a conclusion about it?

MR. JONES—There were only about five bankers on the trip.

GOVERNOR SLATON—Were they at variance also?

MR. JONES—They were somewhat at variance. In Germany I think the methods of extending credits to the farmer are less liberal than are those of our country banks. The greatest failures we find are of the central and not of the small banks. So far as my personal observations went, these were on account of lack of rigid state or governmental supervision.

CHAIRMAN COLQUITT—In the big bank that acts as the central?

MR. JONES—Yes. I learned of two very disastrous failures. If we are going to have a central bank, let us overcome the weaknesses as they have developed.

While there have been some failures of the small societies, they have not been so very great. But we must keep constantly in mind the requirements of the European farmer are comparatively light and he is a hard worker, not taking any chances in the cultivation of a comparatively small farm with little expense. Every farmer knows the condition of every other farmer in the neighborhood. All belonging to the same co-operative bank or society, should a farmer not pay his loan and cause a loss to the bank, he has got to fight all of his neighbors. In this country it is not so, but the farmer who is owing his banker and fails to pay, in case of trouble, has the sympathy of his neighbors, in the difficulty. If his farm is foreclosed by the bank every farmer in that locality thinks he is mistreated. There it is not so.

Ex-GOVERNOR ADAMS (of Colorado)—You say all the farmers are practically in this bank?

MR. JONES—They can't borrow unless they do belong to it. They are not all borrowers, though. They can belong as members without borrowing.

Ex-GOVERNOR ADAMS—Then they are not all bankers.

MR. JONES—We found several farmers together and one came up to us and I asked him, "How much do you owe this bank?" —a very impudent question, coming from a stranger. He replied, "Nothing." I said, "Are you a member?" "Yes." "I understood a person only belonged to a co-operative bank to borrow from it." "Oh," he said, "there was a time when I borrowed from it, but after I quit I felt like I owe it to my community to continue to lend my name and credit to help it along."

GOVERNOR McGOVERN—Isn't that particular attitude produced by the application of the co-operative principle in that country?

MR. JONES—I think so.

GOVERNOR McGOVERN—Would not the attitude of farmers in this country change likewise if we had that principle here?

MR. JONES—I cannot say.

GOVERNOR O'NEAL—What was the amount in the last year, or two years, loaned by the German Empire to those Co-operative Rural Banks?

MR. JONES—I do not recall the figures.

GOVERNOR O'NEAL—I have a statement which I obtained from the Agricultural Department at Washington, showing that last year, the total business done in Germany alone, under the Raiffeisen System, was \$1,557,293,580.

MR. JONES—Very remarkable figures, Governor—an enormous amount; but they occupy the same field our country banks do. They have no country banks except these, at all. If you get the figures of the country banks of the United States showing the volume of business done, they will be astonishingly large, and our country banks are owned mostly by our farmers and supported almost entirely by them.

GOVERNOR O'NEAL—Are the shareholders, or members of the co-operative European banks, required to hold any stock?

MR. JONES—Not stock. They are required in most cases, to pay a membership fee to join. It is sometimes very small—only a mark—twenty-four cents. But this varies with the rules of the different societies.

GOVERNOR EBERHART (of Minnesota)—Is there any system of deposit of money by the members who constitute the bank?

MR. JONES—Yes.

GOVERNOR EBERHART—What is the system of deposit that makes the bank?

MR. JONES—The farmer deposits it.

GOVERNOR EBERHART—Is it regular, systematic, or any time he sees fit?

MR. JONES—Whenever the banks are open. Some may be open every day, but very few. Some are open only once in every two weeks.

GOVERNOR EBERHART—Where does the money come from—from their own pockets—deposited by themselves?

MR. JONES—Not only by themselves, but anybody can deposit.

GOVERNOR EBERHART—There is no stated time or amount?

MR. JONES—if the President or Cashier is willing to take it outside of the opening day, they can at any time, or in any amount.

GOVERNOR McGOVERN—That is very interesting, because in one of our discussions here, one of the difficulties seemed to be to get the money on the low interest plan proposed. Suppose they

had an adequate supply of notes of the farmers in that community, can they go to the central or commercial bank and give the note of that bank, which has practically the endorsement of every farmer who belongs to the bank?

MR. JONES—Yes. I think I brought that out in my paper.

CHAIRMAN COLQUITT—In your opinion is it a success or a failure?

MR. JONES—The system, in the European countries, is successful.

Undoubtedly the fact has already been noted that European Co-operative Rural Credit Societies are associations of *borrowers*. This is one of the most marked distinctions between the European and American systems of banking, for in our country, banks are associations of *lenders*. Our national and state laws either restrict or prohibit bank owners from borrowing from their own bank.

#### MODIFICATION OF OUR SYSTEM NEEDED.

Our investigations proved, beyond doubt, that in order to keep pace with European countries we need in the United States a change in our present banking system that will permit our banks to be more liberal with their borrowing customers. I do not mean to be more liberal in the acceptance of security, but to be enabled to be more liberal in credit expansion for the purpose of facilitating the maturing and marketing of crops. Our country banks are mostly owned by the farmers themselves and as we have about the same ratio to the population that exists in the country where Co-operative Rural Credit Societies are most highly developed, I cannot, at present, see the necessity for establishing an entirely new system of Rural Banking for the United States for the purpose of rendering short-term personal credit to our farmers. Our present banking laws, if modified to enable the system already established to respond to the needs of the farmer in a manner I shall endeavor to point out, would amply suffice. *Abuses of present banking privileges, such as charging exorbitant interest rates and commissions on the side by bankers in name only should be remedied by strict state regulation.* It may be necessary for some state legislatures to enact entirely new banking laws as has been done but recently in

Colorado, where the better class of bankers themselves co-operated with the authorities to bring about needed changes. But it is beyond the power of state legislatures to remedy more than local conditions. The need of an elastic currency and a safe credit expansion system would still exist. Congress is now taking serious cognizance of these defects and it is to be hoped that in the enactment of a new financial system, the peculiar needs of the farmer for the maturing and marketing of his crops will be met.

#### MARKETING OF CROP.

It should be kept in mind that "the maturing and marketing of crops" contemplates, as well, the maturing and marketing of live stock, and its by-products, for the reason that a large part of our crops are thus marketed. The bankers of this country have realized for years the inadequacy of our present financial system. Contrary to the operations of the banking systems of European countries, we have a fixed or static circulating medium, and no method of increasing our circulation or of obtaining credit in times of greatest need. It is almost inconceivable that a great nation like our own, should have, for such a length of time, left its agricultural, commercial and industrial interests so poorly provided for. This lesson has been impressed upon our minds time and again in the repeated needs for an increased money supply both in the moving of crops and in the demands of an excited banking public. As stated by me several years ago in an address on the subject of needed banking legislation (a copy of which was recently asked for by the Librarian of Congress and is now on file in Washington with others on the same subject), a banker is better able to take care of himself under adverse conditions than are his borrowers, for the reason that he suffers no loss until his borrower becomes bankrupt, and that in order to protect himself, in case of need to contract, the banker early begins to force his loans, which not only embarrasses his borrowers, but renders even more acute an already delicate situation. This action retards the wheels of commerce, hampers the farmer in his production, and throws upon the market an over-supply of commodities of all kinds and invariably brings stagnation to real estate values. These conditions have been guarded

against in European countries by providing Banks of Issue upon which the commercial banks, as well as co-operative credit societies can rely for needed assistance.

*The pending bank and currency bill, if enacted, in its present form will fall short of the needs of our country banking and agricultural interests.* From the standpoint of the country banker one of the principal objections to the pending measure is the restriction placed upon the time limit of paper to be accepted by the proposed Federal Bank for rediscount. It is easily understood why it should be necessary to require reasonably short time and perfectly liquid paper; but I see no reason sufficiently strong to restrict the maturity so that little of that held by our country banks would be available, and especially that made by our producers, who require a longer time to mature and prepare their products for market. Would it not be wiser provision to leave the maturity of the paper to the wisdom of the board of the regional banks where local conditions are better known and understood? A fixed rule is not applicable over the entire United States for the reason that conditions and requirements vary greatly in the different sections. In some sections at certain seasons of the year, the time limit might suffice, while in other sections at the same season the time limit would not suffice. The time limit named would always be adequate for the distributor or the middleman. The contention has been for years that the American producer is handicapped and that the middleman is absorbing too much of the price paid by the consumer. *Why make it still easier for the middleman to finance himself, without, at the same time, giving the producer equal facilities?* So in comparing the rate of interest paid by the European farmer to that paid by the American farmer for short time personal credit all these facts should be understood and considered.

#### LONG TERM MORTGAGE ASSOCIATIONS.

Passing from the short-term credit societies as organized and operated in European countries, we have now to consider the long-term mortgage associations, as another phase of the subject under discussion. Here we have much to learn from European methods. It is a recognized fact that in our country finan-

ciers have devoted themselves more to the financing of railroads, utility corporations and urban building than they have to financing the farmer. Let us keep in mind, in our discussion of this subject, the relative importance of the city and the country. Destroy the city and the country surrounding it would soon rebuild that city, but destroy the country surrounding a city and the city could not rebuild the country, but of itself could not long survive. The more prosperous the country, the greater and more prosperous the city, and as the city becomes greater and more prosperous it is in stronger position to render financial assistance to the country. As the city increases its manufacturing output and enlarges its industrial activities, its population of consumers increases and a greater market is thereby made for the products of the country. There is indeed an interlocking of interest and a consequent need of "co-operation" between the city and country, and the best results can only be obtained by a spirit of harmony and proper understanding.

The builders of our cities have been able to obtain financial assistance, the payment of which is extended over a long period of years upon buildings erected even upon leased grounds. The value of nearly all of our investments and properties depend chiefly upon the success of our agricultural interests. Yet we have never devised a satisfactory plan to finance those engaged in that industry to safely carry themselves over a sufficient period to retire even a fair portion of the purchase price of their fixed investment. I am not criticizing those engaged in the farm loan business as now conducted. They are but continuing the business along the line of recognized customs. A market has been established for real estate security on the present basis, and our lenders have been and are handling the business along the only recognized method employed in America.

It would not be feasible to adopt the same long-term plan with small partial payments where the loan itself is lodged with the individual investor. He will not accept of a loan on these terms and it would be only through the intermediary of some bond or debenture issuing organization, that funds could possibly be obtained for the farmer under such conditions.

*The European countries have adopted a workable plan for their farm owners, by the organization of their long-term mortgage associations, which are not banks of deposit. This system contemplates the return of the principal in small amounts at the same time interest is paid. Only income producing property of dependable value is loaned upon. The annuity to be paid is fixed, which includes the amount of interest and amount for the lending association for its expense and profits. The longer the loan the smaller the annuity. When speaking of rates the European farmer and money lender on land mortgages, always includes the amount to be paid in amortization. Thus should he tell you the rate is 6% per annum, he would mean that \$60 on each \$1,000 borrowed is the amount to be paid each year, including interest and amortization, in order to retire the loan by the time of its maturity. This annuity remains the same throughout the life of the loan, but as the amount of the principal is gradually reduced the amount necessary for interest becomes less each year, and the amount applicable for amortization increases correspondingly. It is this calculation that retires the loan within a less period than at first impression seems possible. Thus by the gradual reduction of the mortgage the security is constantly enhanced.*

There are some matters that enter into the negotiation of these long-term mortgage loans affecting interest rates that do not appear on the face. For instance, in the operation of some of these land mortgage associations the borrower is given bonds issued by the land mortgage association in exchange for his mortgage. The borrower accepts the bonds at one hundred cents on the dollar, and often has to market them himself. These bonds, however, have a ready market on the Bourse or with commercial and private banks, but do not sell at par when drawing the low rates of interest.

Some of the land mortgage associations have perfected arrangements for cashing their bonds, thus accepted by the borrowers, through commercial banking institutions, which they themselves control or with which they are affiliated, so that their borrowers need not be forced to find their own market.

GOVERNOR McGOVERN—What would you say was the average price at which these bonds sell?

MR. JONES—I should say ninety-four.

GOVERNOR O'NEAL—Do any of them sell at a premium?

MR. JONES—I had copies of newspapers giving their quotations, and talked with commercial bankers dealing in them, and I found they were selling two points below government bonds, and about one point below provincial bonds, but above industrials, as a rule.

Originally the land mortgage associations came into existence through a combination of borrowers who united for their mutual assistance. As at first organized they were co-operative to the highest degree, although it did not reach the point of either communism or socialism. The owners of farms severally mortgaged their properties to a co-operative association and the collective mortgages thus became liable for the debts of one and all. The association with no other capital than possibly a nominal membership fee charged, would issue its own bonds, allowing each borrower the use of such bonds to the extent of his individual needs from time to time up to the amount of his own mortgage. In retiring his loan to the association the borrower could repurchase the bonds on the market, or from whatever source available, delivering them to the association in payment of his loan, or repaying cash, if preferred, and the association would call in the equivalent amount of bonds. Often the borrower would not ask for the cancellation of his mortgage, leaving it of record in case of future needs against which he could draw bonds in such denominations as needed from time to time. This system has now been modified so that each borrower is responsible only for his own individual debt, but in all other respects remains the same.

Many of the co-operative land mortgage associations are fostered by government grants, loans or special privileges of law. Indefinite loans are sometimes extended them by the government without interest, or at a very low rate, as was mentioned is sometimes done for the short-term rural credit societies.

In Germany these associations are granted exceptional legal privileges, and in foreclosing a mortgage it is unnecessary to go through any process of law, as the right is given to immediately dispossess the borrower. He has no redress at court, the association being a law unto itself. There are no redemption privi-

leges given the borrower, neither has he any exemptions. The maintenance of the farm is one of the conditions in the mortgage. The borrower is required to keep up the improvements on his property, keep it insured, and maintain the fertility of the soil. In case this is not done it is a cause for foreclosure the same as default in interest or amortization payments.

Private capital is now successfully competing with these government fostered associations in the organization and operation of long term mortgage banks. Such privately capitalized associations do not receive or accept government subsidy. They are less hampered in their operations and having laws that fully protect their securities prefer to operate independently of the government.

Bonds issued by both government fostered and privately owned land mortgage associations sell on a substantial parity. In some countries, Hungary particularly, an especial effort is made to place these bonds outside their own country in order to bring in new capital, but in Germany exactly the opposite is pursued. They have proven to be such safe and dependable securities that the savings of the working class as well as trust and court controlled funds are invested in them. The large commercial and private banks often underwrite the issues, replacing them with the investing public. These bonds command a price, after reaching the market, near that commanded by government bonds, and usually sell on an equality with state or provincial bonds, and on better terms than industrials.

#### CONDITIONS TO BE CONSIDERED.

In endeavoring to make applicable any long term mortgage system for this country, the fact must be kept constantly in mind that the farmer of America is quite different from the farmer of European countries. There the farmer operates under nominal expense as compared with the farmer in this country, as well as operates on a much larger scale. The European farmer applies himself to a greater degree and is more scientific in the handling of his land and products. While the average farm in Europe is small, varying in size with the different countries, about twice the yield is obtained per acre that is obtained by the American farmer, owing to intense cultivation and scien-

tific methods. The earning capacity of the European farm is an established fact. That in turn establishes its value. So settled are the values that the basis of assessment for taxation purposes, which is made at one hundred cents on the dollar, is generally used as a basis for valuing property when granting loans. *Among the most important advantages for facilitating loans on real estate in Europe is the title registration law*, which in effect, places the government behind the title to all property. Some modification of these title registration laws could undoubtedly be made applicable to every State in the Union, and is highly essential to obtaining cheaper rates of interest on mortgage loans.

It must be understood that the method to be pursued in this country under existing conditions, should any long-term mortgage system be devised, necessarily would be quite different from the European methods; the rate of interest to be paid by our farmers would of necessity have to be higher, because of the expense incident to appraisement; because of exemption and redemption laws; because of the general lack of title registration laws, and the consequent need of abstracting and title examination; because of the necessity of safeguarding the loan by watching the security that has not such a stable or definite income producing value, over an extended period; and for the further reason that a market would have to be built up for this class of investment. Whereas throughout all European countries this class of investment is now well established, their land mortgage associations having been in successful operation for over a century without a loss of a dollar to an investor so far as we could learn. However, I do not believe the need of the American farmer is so much for a low rate of interest on his mortgage loan, if he is furnished a reasonable one, as for a method that will give him a sufficient period to work out of debt by amortization.

Through operation of the long-term amortization loan system the European countries have revolutionized the land ownership, passing titles from large tracts of landlordism into small tracts belonging to the individual farmers, making permanent home-owners out of former tenants. They have assisted in making farm life more inviting and in improving farm property to

a high state of cultivation, thereby increasing the production of the land and as a natural result enhancing the value of the land itself. If it is possible to devise some safe system for financing the American farmer on some safe plan, which contemplates the long-term, amortization principle, I feel sure it would be much easier to build up our rural interests, ultimately placing more farm owners on our lands. In other words, if we can make easier the ownership of farms, farmers will multiply. We would thereby assist the successful tenant to become a land owner, and the more land owners within a State the more stable and permanent its population, and the more stable and permanent its population the safer and more certain is invested capital and the happier and more contented its citizens. I thank you very much for your patience. (Applause.)

GOVERNOR O'NEAL—Mr. Chairman, I move that the thanks of the Conference be extended to Mr. Gordon Jones and Senator Fletcher for their very interesting, instructive and valuable addresses on this important subject.

GOVERNOR McGOVERN—I second the motion.

The motion was put by the Chairman and the same was carried unanimously.

CHAIRMAN COLQUITT—What is the further pleasure of the Conference at this time?

GOVERNOR CAREY (of Wyoming)—Mr. Jones, has any plan that you suggested been found superior in its operations to those of home building loan associations? That applies to loans on real estate in towns. What is the objection to that system with reference to farm lands, extending the system to cover a greater number of years, as in the plan which is proposed by you? As I understand it, wherever a building and loan association has had a local organization and business control, it has almost universally succeeded.

MR. GORDON JONES—That was spoken of quite frequently, Senator Carey, by the members of the commission, that the plan was quite similar to the building and loan, which was devised for the building up of cities and making permanent improvements; but I would like to say, there was a period during the early history of building and loan associations when there were a good many failures.

If we take the history of building and loan associations back in the eighties, or early nineties, we will find they went through some very disastrous periods, especially in the section of the country where I lived at that time.

We must safeguard any system devised that proposes to furnish investments for savings. I presume now our laws have been perfected and that under strict regulation the building and loan associations furnish reasonably safe investments. But with the organization of land mortgage associations the strictest kind of supervision and regulation must be devised to prevent wild-catting. This can be accomplished by either State or Federal laws.

GOVERNOR MANN (of Virginia)—At that time we had no legislation on the subject. Since then they have been put under legislation and the present building and loan associations, as conducted, I think are a safe form of investment, and are doing wonders for the small home owners in the cities, and I do not see why it could not be applied to farms.

GOVERNOR CAREY—What is the objection to carrying out the same plan? You must have a source from which you can obtain money. I do not believe you can bring it to a point in the United States where you are going to have the Government engage in this system of issuing money or using its credit all over this country. It would take an enormous amount of money and entail upon the Government the doing of a banking business.

Now to illustrate the building and loan association. To become a stockholder one subscribes for shares of stock, and pays so much on each share, monthly. He pays a like amount each month for interest. In the one with which I have been very familiar, they pay out in about one hundred and ten months. If a man is in such a situation that he can pay \$20 a month, he is sure, in about one hundred and ten months, to own a home worth \$2,000.00. If he can pay the \$20.00 a month he is paying for rent, and pay an additional \$20.00 for interest, he may own a home that is worth \$4,000.00 in one hundred and ten months.

By extending the time and arranging these associations so it is not expected to pay out in less, say—than twenty years, he can get a home for a much smaller sum of money on monthly

payments. What I have heard and read on the subject has shown conclusively that the local concerns have been safe concerns. My own experience proves this also.

I have been connected with an association of that kind for a number of years; never have I borrowed any money, but I have no advantage over the one who has borrowed. Each year a new series of stock is issued. During the entire period of its existence only one piece of property has come back to the association, and that was caused entirely by the stubbornness of the man. He wouldn't pay because he didn't want to pay.

The reason they pay is this: The associations are managed by men who are interested in them. They meet once a month—on the 25th day of each month in this particular association. They sell their money. Not only are the directors present, but many of the stockholders, so that they may know what they are doing. Once a year—on the 25th of July—they have a full and complete report. It is owned by the stockholders and by the men who are borrowing money to build their homes, and anything that has been suggested to date I do not believe is better than the system that is in vogue in this country. It is an association without favorites.

A little piece of history: These associations originated, I think, in the thirties, in the last century, in the State of Pennsylvania. The result is that in no other State in the United States are there as many homes—good homes, though small homes, with all the improvements you find anywhere. The best of it all has been to afford the man who is obtaining wages an opportunity to borrow money to buy or build a house. He commences to pay immediately; the loan, as he is paying the interest each month, works itself out; he is not required to pay the mortgage in bulk, because it pays itself from the dues. He cannot lose his money, because the law of the State provides that if he gets tired he can go and demand the money he has put into the association, with six per cent interest. It has worked admirably and it is a successful system for the benefit of the poor man.

I expect Mr. Jones knows of building and loan associations established in cities, where they have furnished offices handsomely and have employees at the headquarters, and where they

have agents out scouring the country. The regular building and loan associations do not ask a man to make a loan. In a community it is largely a matter of education—a communication from man to man—thus reaching people who become stockholders.

The association of which I speak has a capital of between seven and eight hundred thousand dollars now; the total expenses have never been in excess of \$1,200.00 per annum. A bank keeps the books and acts as treasurer. No money passes through the office, because the stockholders have to go to the bank to pay dues and interest. The banks are glad to transact the treasurer's part of the business, and give receipts. When the money is not paid promptly each month, a small fine is assessed. Under our law nobody has power to rescind the fines which are definitely and positively fixed by law.

I do not see why we cannot have associations organized on the same plan and make them co-operative, where every farmer would have a right to come in and see how the business is done; one may be elected a director this year and somebody else may be elected a director next year. If they wouldn't want to pay off in one hundred and ten months, they might take two hundred and fifty months or a longer period.

GOVERNOR MANN—Would the farmer have to pay every month?

GOVERNOR CAREY—He could pay every three months, or every year.

Ex-GOVERNOR ADAMS—What interest would he pay?

GOVERNOR CAREY—It costs him just the same as it costs me if I don't borrow any money. He buys his money on the basis of fifteen per cent discount. The stockholder who does not borrow it can never get his principal back on his money, except if there is a deduction of fifteen per cent, and the dues, interest and fines go directly back and are distributed, not only to those who borrow money, but to those who are stockholders and non-borrowers.

Ex-GOVERNOR ADAMS—It must be based on some interest rate.

GOVERNOR CAREY—Six per cent on all loans.

GOVERNOR MANN—The six per cent is calculated on the one hundred and ten months.

GOVERNOR O'NEAL—These building and loan associations are based upon the theory that the money is gathered from the membership and it is sold to the highest bidder.

GOVERNOR CAREY—Yes, sir. This association that I have watched is, in a certain sense, automatic. It has used all the money that is required to make the loans. Men join it who want to make loans and want the benefit of it. It is mutual co-operation; every man stands on an equal footing.

GOVERNOR HAINES (of Maine)—Is not the limit of a farm loan one year?

GOVERNOR CAREY—You need not make it a one-year credit. A good farmer in this country has money coming in all the time. He sells chickens; he sells hogs; he sells butter, or sells his cream to the creamery. If it were fixed certainly, so he knew he would have to pay, he would pay. I do not want to speak in disparagement of the farmers, but I have had some experience with them; they are not educated in the start to be a thrifty people. The great majority of them do not watch the leaks as they should, and I believe the reason for that is that they don't have the opportunity to learn.

Co-operative associations have been organized in Ireland by Sir Horace Plunkett. I have talked a great deal with him about them. He scarcely thought, in the start, he could make the plan a success. They now have nearly two hundred successful co-operative societies in Ireland, if my memory serves me rightly. These are, on the same plan, in operation in Denmark. For the few years they have been in Ireland they have been successful. Sir Horace Plunkett formed co-operative associations to buy fertilizers for the soil—they were buying dirt—ordinary dirt—before, and paying a high price. Then he taught the Irish people to organize mutual co-operative banks, and the result is that the banks are succeeding in Ireland. The co-operative creameries also are doing wonders for the Irish people.

GOVERNOR McGOVERN—Will you permit me to make a motion? There are gentlemen here asking the Governor's Conference for a ten minute's discussion on Good Roads.

GOVERNOR CAREY—That is the very thing I have been trying to get to. Mr. Fisher and several gentlemen are upstairs waiting now.

GOVERNOR McGOVERN—They are right here.

I move that we postpone further discussion of the subject we have had before us, and that unanimous consent be granted to these gentlemen to take up ten minutes of the time of the Conference this afternoon in the presentation of the matter they wish to take up with us.

The motion was duly seconded.

CHAIRMAN COLQUITT—You have heard the motion of the Governor of Wisconsin. What is the pleasure of the Conference?

The motion of Governor McGovern was put by the Chairman and was unanimously carried.

CHAIRMAN COLQUITT—We will hear the gentlemen who desire to discuss Good Roads, for ten minutes.

MR. JESSE TAYLOR (of Jamestown, Ohio, vice-president and director of organization department of National Highways Association of Washington, D. C.)—Mr. Chairman and Gentlemen:

In order that you may not be confused and may not conflict one meeting with another, Mr. Fisher's meeting which you were asked to attend is a meeting independent of this.

I am here representing the National Highways Association, with its headquarters in Washington, D. C. All the Governors present at this meeting, except Governor McGovern of Wisconsin, Governor Baldwin of Connecticut and Governor Dunne of Illinois, have already accepted appointments on the Board of Governors of the National Highways Association, for life, and we were in hopes that at this time, and after your adjournment, you would like to consider this as a meeting of that Board of Governors. I come to you to discuss for ten minutes the great national question in which we all have an interest.

You all know that at the last session of Congress there were some thirty or forty bills introduced looking towards federal co-operation, or federal aid for the construction of public highways. You all know, too, that there are a great many plans and organizations, and schemes of one kind and another, throughout the country, to construct so-called transcontinental highways. I hope that the time will come when we will have transcontinental highways—a highway from the North to the South, and highways all over the country. But the point I wish to make with you is this: The Congress of the United States intends

to do something toward federal aid, federal co-operation, national highways, or something before the end of this administration, and the matter that we should all look to is to do our part as individuals, and you, as Governors, to better direct that legislation by taking an interest in it and aiding in the direction of legislation by which this government may appropriate millions and hundreds of millions of dollars to be expended in localities, counties and States, and federal aid means the same patch-work of roads which already exists in many States.

We must have the federal government do as is done when it sets out to locate a postoffice building in one of your cities. It first sends to that city some one to decide upon the site. After the site is chosen and paid for, then a diagram and specifications come to your locality from the Treasury Department.

When the government set out to construct the great Panama Canal, the President first sent somebody down there to pick out a route and then somebody to construct that route, and so it seems to me, with national highways—national roads federated, whatever you may call them, the first thing for Congress to do is at least to pass a bill giving the President of the United States authority to appoint a commission, and directing that commission to consider the road question from all its points, from all sides and all phases, and then report to the Congress of the United States some well-defined plan of a system of national highways; and then suggest some way to raise the money to build or construct that system of national roads.

In Ohio, my own State, we are getting \$120,000.00 of the \$500,000.00 appropriated by Congress last year for the construction of roads. The supposition was that the \$500,000.00 was to be distributed to the States, \$10,000.00 to each State; but when the federal government said to you, "You will have to put up two dollars to the federal government's one, or else you cannot take it," very few of the States took it. There was very little of it taken. The result was that \$120,000.00 was remaining idle, and Ohio secured \$120,000.00 and put up two for one.

CHAIRMAN COLQUITT—How did you manage to get it? I have been trying for two years to get \$40,000.00.

GOVERNOR HAINES (of Maine)—We got \$50,000.00, but it was countermanded.

GOVERNOR SPRY (of Utah)—How did you get it?

MR. TAYLOR—There is \$120,000.00 to come to our State, and I will tell you how we got it. In Ohio we have a law which creates a large fund, and six weeks ago we had a balance of \$420,000.00 in that fund.

GOVERNOR CAREY—But you have to spend the whole \$240,000.00 in order to get the \$120,000.00.

CHAIRMAN COLQUITT—if you will pardon me for interfering, President Taft's administration offered us \$10,000.00 and we accepted it. We had forty communities in Texas who offered to put up two for one, but they desired the Governor of the State to specify some specific sum for some road, and he did so. And then they wouldn't pay it over and asked us to raise \$80,000.00 and they would contribute \$40,000.00. We have now raised the \$80,000.00 and have had it in the bank for six months.

MR. TAYLOR—And you did not get your money. You have not been able to cut the red tape to enable you to get the money, as we have done.

CHAIRMAN COLQUITT—They notified us that the Governor of Texas would have to enter into a contract with the Government of the United States in order to get the money, and I have made contracts with the Commissioner.

MR. TAYLOR—We got a contract finally for \$120,000.00.

CHAIRMAN COLQUITT—I want to know how the Governor of Ohio cut the red tape and got it.

MR. TAYLOR—if he were here he would undoubtedly tell you.

I want to read to you this resolution; I haven't time to address you in length on the question. It is a resolution addressed to the Council of Governors National Highway Association:

"WHEREAS, The providing of various methods of inter-communication has for all ages been of paramount importance, and

WHEREAS, Of all other methods roads are the most universally used and therefore the most beneficial to the greatest number of people, and

WHEREAS, Of the seven methods of intercommunication,—water, roads, postal, railroad, telegraph, telephone, and wireless,—only one is free to all the people of the earth, and

WHEREAS, All methods of intercommunication have been furthered and fostered by the National Government to a greater or less degree, and

WHEREAS, Two of our great systems of transportation, railroad and steamship, have been aided by the National Government with hundreds of millions of dollars and operated at a profit by and for a few favored individuals, and to which the entire community has contributed, and

WHEREAS, The annual appropriations by Congress now approach one thousand million dollars distributed approximately as follows:

|   |              |                |
|---|--------------|----------------|
| 1. WAR—past, present and to come..  | 420 millions | = 42 per cent. |
| 2. POSTAL SERVICE.....  | 230      "   | = 23      "    |
| 3. GOVERNMENT — legislative, executive, foreign, customs, immigration, interest on public debt, etc. ....     | 200      "   | = 20      "    |
| 4. PUBLIC WORKS—buildings, rivers, harbors, reclamation, forestry, public lands, Panama Canal, etc. .....     | 110      "   | = 11      "    |
| 5. EDUCATION AND STATISTICS—census, public printing, agriculture, surveys, public health and life, etc. ..... | 40      "    | = 4      "     |
| Totals.....   | 1000      "  | =100      "    |

and

WHEREAS, In the course of our national existence the total expenditures of the National Government on public buildings, rivers, harbors, reclamation, forestry, public lands, and Panama Canal have been several thousand millions of dollars, and

WHEREAS, There are about 2,300,000 miles of roads in the United States, of which more than 2,000,000 miles are unimproved, and

WHEREAS, To favor, foster and further the development of Good Roads everywhere in the length and breadth of these United States of America will secure the benefits—social,

moral, commercial, industrial, material, educational, and personal—in the progress and uplift of the American people which follow in the train of easy and free intercommunication and transit between the great centers of population and distribution, and the great productive areas of the nation, and will bind the States together in a common brotherhood, and thus perpetuate and preserve the Union, and

WHEREAS, The appreciation and knowledge of these facts is wide spread and universal among the people of these United States, and

WHEREAS, As a result of this interest and activity of the body politic there are now pending before the Congress of the United States more than seventy-five (75) bills appropriating monies out of the National Treasury for the purpose of road building, and

WHEREAS, Of such proposed legislation the diversity in character and amounts appropriated is almost as great as the number of bills before Congress and will commit the nation to cast expenditures varying from \$10,000,000 per annum to over \$500,000,000, and

WHEREAS, It is obvious that the nation should not be committed to any expenditure until a properly constituted, expert commission has been created which represents the various great activities of the body politic in nation and State, and which shall have sufficient funds available for a scientific examination upon which to base wise recommendations to Congress and our people; now therefore, be it

*Resolved*, by the Council of Governors of the National Highways Association in meeting assembled, that we recommend that the trustees of this association call upon Congress to create such a commission with ample powers and ample funds composed of independent representative men well qualified to serve the nation and the States and expert in the various activities of the body politic in agriculture, commerce, highway construction, economics, education, highway engineering, finance, legislation, highway maintenance and traffic, highway materials and machinery, military, transportation, travel, touring and recreation; and that said commission shall make a full and complete

investigation and report to Congress prior to committing the nation to any expenditures on road building."

MR. TAYLOR (continuing)—I submit this to you for your consideration, as what the National Highways Association would be delighted to have you do while you are here, as representatives of the Board of Governors of the National Highways Association. I presume you cannot do it while you are in session as a Council of Governors; but you can do it when you adjourn, when you will get into better touch with the National Highways Association and what it is trying to do. You can elect some one to act as temporary chairman of the National Highways Association, and name somebody to act as secretary, to bring these resolutions to you, or mail them to you and keep in correspondence with you on the question, as it relates to the work of the National Highways Association.

CHAIRMAN COLQUITT—The resolution will lie upon the table subject to further action by the Council of Governors.

GOVERNOR AMMONS—I wish to call attention to the fact that we not only have the other engagement upstairs on the question of roads, but that the management of the hotel desires to secure possession of this room as soon as possible, in order to prepare it for the entertainment this evening. And unless someone has a more urgent matter to bring up, I move that we adjourn until tomorrow morning, so that we may give possession.

CHAIRMAN COLQUITT—Before the motion is put, let me make the suggestion that all requests addressed to the Governors' Conference be referred to a committee, and that they report some convenient time when visitors may address them on some of the questions. I think it would save both time and expedite the program already arranged.

GOVERNOR McGOVERN—The Executive Committee has selected Governor Mann of Virginia to preside at the session to be held tomorrow forenoon.

CHAIRMAN COLQUITT—I have a couple of requests here to make announcements. I am requested to inform the members of the Governors' Conference that they will find a stenographer in room 569 of this hotel, who will assist you with your correspondence and otherwise.

A photographer requests that the members of the Governors' Conference meet at 7:30 o'clock this evening, in the lobby of the hotel, so they may have their pictures taken.

Does the chair understand that the discussion on the subject of the Rural Credit System will be continued tomorrow morning?

GOVERNOR DUNNE—I second the motion that we adjourn until ten o'clock tomorrow morning.

CHAIRMAN COLQUITT—The pending question now undisposed of is the Rural Credit System, and a motion is made that the Conference adjourn until ten o'clock tomorrow morning. Those in favor of the motion will please say "aye."

The motion was carried and an adjournment was taken until Wednesday, August 27, 1913, at ten o'clock A. M.

## SECOND DAY

WEDNESDAY, AUGUST 27, 1913.

The Conference convened at 10:30 o'clock A. M., in the Ball Room of the Antlers Hotel, Governor Mann, of Virginia, in the chair.

CHAIRMAN MANN—The Conference will please come to order. In order that there will be no misunderstanding and that the Governors will know exactly what they will have to do—those who are not married, for those who are married will have to do what their wives tell them—I will say that our session this morning will conclude at twelve o'clock, when we will go to the summit of Mount Manitou for lunch and, after lunch, we will take up Saturday's program at the pavilion there. After that program has been disposed of, the citizens of the various States will want to meet the Governors at the Mansions Hotel and the respective Governors will hold their receptions for that purpose, and then we will come back here and take up the regular work at the evening's meeting.

This session of the Conference is now ready for business. The first business this morning is a paper by Governor Ernest Lister of Washington on "A State Department of Efficiency and Economy." We will be very glad to hear from Governor Lister.

GOVERNOR LISTER (of Washington)—Mr. Chairman, and members of the Governors' Council:

I have prepared but a short paper along these lines, feeling that Governor Cruce, of Oklahoma, would have the leading paper. It appears that it will be impossible for Governor Cruce to leave his State, hence I find I have the only paper. I feel, however, that the discussion which will probably follow the paper, giving the ideas of those Governors who have had much more experience than I, will, to a great degree, overcome the brevity of my paper.

**"A STATE DEPARTMENT OF EFFICIENCY AND ECONOMY."**

GOVERNOR ERNEST LISTER OF WASHINGTON.

As one of the Governors assuming the duties of chief executive of a great commonwealth for the first time at the beginning of the present year, and also coming as I do from the State of Washington, located in the extreme northwestern portion of the United States, a district looked upon but a few short years ago as the habitation of only the real natives of our land—the North American Indians—but now proudly pointing to a population exceeding one and a half million people, and furnishing a goodly portion of the lumber, wheat, fruit and fish used, not only by the people of our United States, but also by other countries of the world, I feel signally honored in being called upon to deliver an address on this occasion, and especially upon so important a subject as the one assigned me: "A State Department of Efficiency and Economy."

This is a subject now receiving the attention of the citizens and taxpayers of every State in the Union to a greater degree than ever before, not only in relation to the administration of State affairs, but also to the management of the business of every county, city and hamlet within the borders of the States. We also find that special messages have been sent by Presidents to Congress, calling attention to the necessity for the creation of such a department to investigate into the conduct of the nation's business and to assist in placing the nation upon a more economical and efficient basis. The records show that Congress, acting upon the recommendations made, has appropriated funds for this purpose, and that a large amount of work has already been done along this line.

With each passing year we find that taxes have increased; and in a great many places they have increased to a point which seems to almost mean confiscation of property. A few days ago the newspapers published an article stating that the Governor of Pennsylvania had vetoed appropriations amounting to several millions of dollars and that it would be necessary to make still further reductions in the appropriations made by the legis-

lature of that State in order to keep the expenditures within the revenues. On the same day another newspaper clipping came to my office headed: "Cook County (in which the City of Chicago is located) Bankrupt." Possibly the heading was too strong; it cannot but leave a feeling, however, that the tendency of the times is in the direction of a material increase in the public indebtedness.

In my own State the appropriations of the legislature, in session during the early months of the present year, made it necessary to materially increase the tax levy for general fund purposes. This increased levy is necessary even after appropriations amounting to several millions of dollars received executive disapproval.

A part of the increased cost has been brought about by States taking up new lines of work and the creation of departments for the administration and proper handling of this work. In Washington we have, during recent years, established a public service commission, having certain powers relating to the regulation and control of public service corporations. We also have an industrial insurance commission, a tax commission, an industrial welfare or minimum wage commission, and a number of other commissions, the operation of which adds to the amount of revenue necessary to be raised for State purposes. Even when all of these added expenditures are considered, there yet remains a feeling in the minds of the people that too much money is expended in the conduct of public business, for the results derived. In this respect I believe about the same general feeling exists in all States.

In the State of Washington we have a department known as the Bureau of Inspection and Supervision of Public Offices. It is under the control of the State Auditor, who is named as the chief inspector. He is authorized to appoint three deputies, who really form the bureau or commission having charge of the work, under his direction. Some of the provisions of the law are that: "The State Auditor, through the bureau, shall formulate, prescribe and install a system of accounting and reporting, that shall be uniform for every State office and every State educational, benevolent, penal and reformatory institution, public institution and every public office." It also provides that

after the Bureau of Inspection and Supervision shall have formulated and installed the system of uniform accounting in any or all classes of public offices, the State Auditor is empowered to appoint not more than ten assistants, to be known as State examiners, whose duty it shall be "to examine into all financial affairs of every public office."

The law gives authority to the bureau to make examinations of not only State, but also all county, city and other public offices. The law was passed by the legislature of 1909. There had been so much criticism of the work of the bureau, from different parts of the State, and which appeared to be well founded, that, in my message to the legislature in January last, its abolition was recommended. Inasmuch as the legislature did not take favorable action upon the recommendation and an appropriation for its continuance was made in the regular budget, I approved the appropriation and decided to carefully follow the operation of the department during the present two-year period, so that I might be able to fully advise the legislature, at the next regular session, regarding its operation.

A sufficient amount of time has not yet elapsed to enable me to fully comprehend the work of the department. From information already received and investigations already made, I am inclined to think some good has been accomplished in the line of checking up county, school district and city records in the State, and in having different officials, as a result of these investigations, follow more closely the requirements of the law relating to their particular offices or departments. Without doubt some thoroughly competent accountants have been employed, and have rendered faithful and efficient service. Others who have been employed, not having thorough knowledge of accountancy, nor the kind of ability required to check up records, have made reports that are of little or no value. One instance of this kind came to the attention of my office a short time ago. A voluminous report was made by an examiner, covering one of the State departments. He entered carefully into the operation cost of the department covering the two-year period ending April first last and in detail showed just what the expenditures had been. He failed utterly, however, to take into consideration, in connection with his report and the figures therein given, a

deficiency appropriation of several thousand dollars made at the legislative session last winter to continue the department in operation until April first, when the new appropriation would be available for use. Not only is this report valueless as a result of the incompetency of the individual making the report, but unfortunately it casts a reflection upon others engaged in the same line of work, who are men of ability and thoroughly competent. With a complete corps of efficient assistants, I doubt not but that the bureau could render valuable service in the matter of auditing and checking the financial records of the State, county, city and other public offices.

Reference to this particular law, in operation in Washington, has been made for the reason that by some it has been considered a solution of the problem calling for the creation of a department of efficiency and economy. It covers one of the lines of work necessary in bringing about efficiency in public offices. Its powers, however, do not reach to many of the vital elements entering into an efficient and economical administration of public affairs, and even though the law might be construed to give to the deputies or examiners the power to make recommendations regarding the general management of institutions or departments, it is hardly fair to expect an examiner or auditor, receiving a salary of \$5.00 per day or even \$8.00 per day, which is the salary allowed to those checking up county and city offices, and who is employed presumably on account of his ability as an accountant, to have the knowledge necessary to make recommendations covering changes in the general management of institutions and departments. Superintendents are placed in charge of institutions and heads of departments appointed on account of their knowledge and qualifications for their work; and in most cases receive salaries several times greater than the salaries paid to the examiners.

Efficiency and economy mean much more than keeping a correct system of records. While this is important, it covers but a small part of the work to be done in the proper administration of public affairs. Efficiency and economy mean having thorough knowledge, at all times, regarding all of the details of management.

These terms mean to know whether an excessive price is being paid for articles purchased; whether or not the articles purchased are needed in connection with the work of an institution or a department, and whether those articles are of the kind and quality needed in getting the best results. They mean to see that after purchase, articles will be intelligently used and not wasted or discarded before full service has been secured. They mean that in the construction of buildings, and other improvements, the State will get that which best serves the purpose and at the lowest possible cost consistent with the construction of buildings or the making of improvements of a permanent character. The terms, efficiency and economy, mean that a constant effort be made to gather together all information that will be of benefit in rendering intelligent and efficient service to the State.

Were I called upon to name a Commission on Efficiency and Economy, I would feel that it should consist of persons big enough and broad enough to consult with those in charge of departments or institutions, get the ideas of persons who have had years of experience in their special lines, and who would never recommend a change in methods until absolutely convinced that the change recommended would be an improvement over the methods being used. Such a commission can accomplish but little by criticism. Its work should be to constantly devise ways and means for improvement in systems and methods.

In connection with State affairs, such a commission should be appointed by the Chief Executive of the State. A Governor is elected by the people and held responsible by them, not only for the acts of his immediate department, but also for the acts of the departments and institutions over which he has control. The President of a railway or any large corporation is held responsible by the stockholders of his company for the proper management of the property placed in his charge and today, to a greater degree than ever before, the Chief Executive of a State is, by his stockholders, the people, held responsible for the proper conduct of every department under his control. The Governor of a State is the head of a business larger than that of any private corporation doing business within the borders of his State. He cannot delegate to anyone the responsibility for

the proper handling of the immense business placed in his hands by the vote of the citizenship of his State; nor can he take the position, after making appointments to the heads of the departments in his charge, that these appointive heads, respectively, and not he, are responsible. Upon him, and not upon those appointed by him is placed the responsibility for results, by the people, and should his subordinates fail in their duty, for any cause, he will be held accountable to a greater degree than will the subordinates appointed by him. His appointees, as I view the matter, become his cabinet and should work together in an endeavor to render service that will be of value to the State. Success, as a result of this united effort, entitles each and every member of the administration to a fair share of the credit for its success. A Governor can never bring about a successful administration, as a result of his own personal effort and that alone; its success will be attained as a result of his ability to surround himself with loyal and efficient lieutenants who, having the same interest in its success, will put the full force of their ability in the work placed in their charge. An efficient head of a Department violates the eight-hour law regularly; if he does not you can be assured he is not securing the best results in his department. Subordinates may work from eight to twelve and from one to five o'clock and by rendering faithful service during those hours, do their full duty. But the head of a department will find it necessary, on numerous occasions, to burn the midnight oil if he attains that degree of success in his work to which he aspires.

No department will be a success when the head expects everything to be done by his assistants and thinks he is doing his full duty by making an occasional visit to the department for the purpose of seeing how everything is moving along. I know of but few instances where the salaries paid by a State are not as large or larger than are paid by private firms and corporations. Under these conditions, has not the State the right to expect just as efficient service as would be expected by or rendered to a private firm or corporation?

In recent years the tendency in public affairs has been reaching out more strongly than ever in this direction. Why is this conference of Governors held? Is it not for the purpose of an

exchange of ideas so that we, the members of the conference, may return to our respective States benefited by our experiences here and able to render better and more efficient service to our people? There is not a Governor here who would have attended this conference had he not felt that his presence would result in benefit to his State.

So here, as I view it, we have, meeting together, a department of efficiency and economy, made up of the Governors of the States represented, whose sole aim and desire is to add to their knowledge of the management of public affairs so that they may be able not only to put in use in their own department such ideas as have been expressed during this conference and as may appeal to them as of value, but also to impart to those in charge of the numerous departments under them in their respective States, information that will assist in the better management of such departments.

I deeply appreciate the opportunity of being present at this conference and feel that my State will receive material benefit from its deliberations. Gentlemen, I thank you. (Applause.)

CHAIRMAN MANN—I am sure we all regret the absence of Governor Cruce from Oklahoma. This paper which has just been read is now open for discussion. The chair will be glad to hear from any member of the Conference.

GOVERNOR BALDWIN (of Connecticut)—I will be glad to hear from Governor Lister as to whether the Governor of Washington has the power to appoint and to remove these heads of departments whom he has described as furnishing the material for a cabinet. I think in some of our states the heads of departments are elected by the people and are responsible only to the people. In others the Governor can remove them. I shall be glad to know what is the attitude, on those points, of the State of Washington, and also what is the view, as a matter of policy, on those points, of Governor Lister.

GOVERNOR LISTER—Mr. Chairman: I might say that all appointees of the Governor can be removed by the Governor in the State of Washington. Over other elective officers, of course, the Governor does not have control but the departmental heads, the heads of institutions, all of these are under the control of

and can be removed by the Governor of the State at any time, should he feel they are not rendering proper service to the State.

GOVERNOR DUNNE—Is the Auditor appointed or elected?

GOVERNOR LISTER—He is elected. The Governor, Lieutenant Governor, Secretary of State, State Auditor, Commissioner of Public Lands, State Treasurer, Superintendent of Public Instructions and Insurance Commissioner are the elective officers of our State.

GOVERNOR McGOVERN—How about the Attorney General?

GOVERNOR LISTER—The Attorney General is elected and is not removable by any power other than the Legislature, by impeachment.

GOVERNOR STEWART (of Montana)—You may remove the appointive officers?

GOVERNOR LISTER—All, except in the case of one Commission, as I remember; in one Commission it requires a hearing.

GOVERNOR DUNNE—As I understand, in your State no Bureau of Efficiency and Economy has yet been created; that that work has been done by the State Auditor and that it has not been done entirely satisfactorily?

GOVERNOR LISTER—Governor Dunne, I will state that, in my opinion, the lines are not broad enough. The question of the records of the department is but a small part of it. We all want correct records but that does not cover the work done by the departments. It does not cover the question as to whether they are putting up the kind of buildings, or doing the kind of construction that ought to be done for permanency. It does not cover the question of whether efficient service is being rendered in the management of the departments or institutions; as to whether it is costing too much money in running an institution for the kind of service being rendered. Questions such as these cannot be covered by purely and simply a Board of Accountants. We have had, for instance, accountants making recommendations along efficiency lines and on matters regarding which they had but little or no information. That kind of information does not assist materially in the management of state affairs. It must come from a stronger bureau or Board of Efficiency than is purely a Board of Accountancy.

GOVERNOR SLATON—I would like to ask Governor Lister whether money is appropriated from the State Treasury for a Public School System, to maintain a Public School System in your State?

GOVERNOR LISTER—We have a fixed amount for that purpose, raised by the State, and school districts make a levy for the balance required.

GOVERNOR SLATON—if that is true, what control has the Governor over school properties so that it is utilized to the greatest advantage and economy?

GOVERNOR LISTER—He has no control over them, only as relating to the higher educational institutions.

GOVERNOR SLATON—A large part of the State revenue is expended in the common school system, and wouldn't there be the widest field for economy, on a large scale, in the matter of controlling those expenditures?

GOVERNOR LISTER—Possibly that is correct; and you will notice in the address that I have read, I refer to good work having been done by this Bureau of Inspection, along the line of checking up the accounts of school directors in the different districts and the counties. Prior to the organization of this Bureau, a great many purchases were made in an irregular way; the school directors got together and purchased sometimes from themselves and their relatives, or from firms with which they were connected. The work done by this particular Bureau, along that line, in checking up those different Boards of Directors in the different counties in the state, has been of material benefit in getting the school system down more closely to a business basis. The Governor, however, has no authority over the expenditures of the school fund for the common school system.

GOVERNOR SLATON—That would be all right where there was no method of supervision upon the part of the Governor; but there should be legislation which would give him the power, for instance, to create such a Bureau as we have been talking about, of Economy and Efficiency, and to it could be delegated the power to also check up and make suggestions regarding the management of the affairs of the different departments under the common school system.

GOVERNOR O'NEAL—Have you any bureau for the purchase of supplies for the different departments?

GOVERNOR LISTER—The supplies are purchased by the different departments, excepting, for instance, the Board of Control, which makes the purchases for all the nine institutions under its charge. The other departments make their own purchases.

GOVERNOR O'NEAL—You do not have a central bureau of purchase?

GOVERNOR LISTER—We do not have a central bureau of purchase.

GOVERNOR DUNNE—As the result of your experience, how would you recommend the creation of this Bureau of Economy and Efficiency? In other words, would you have it appointed by the Legislature, by the Governor or by the concurrence of both?

GOVERNOR LISTER—I feel that possibly the best results would be obtained by having the appointment made by the Governor of the State. There might be some connection between the Chief Executive and the Legislature that would bring about a desirable result.

GOVERNOR DUNNE—The reason I asked the question was that we have in contemplation in our state just such a bureau as you have been speaking of, but with my approval and upon my recommendation, the Legislature itself, and the Governor, co-operated for the appointment of a commission composed of members of both the House and the Senate, to examine into the different departments of the state. In your judgment, is that a wise course of procedure?

GOVERNOR LISTER—From my knowledge of state affairs, I would hardly look upon that as being the desirable way of getting results. Much better results could be obtained, in my opinion, by choosing from the people of the state, persons who have peculiar qualifications in the line of making such investigations and suggesting remedies for the evils, rather than by taking members from the Legislative bodies, in the creation of such a department.

Not having such a department in our state, I hoped that we might hear from some states where such departments are now in existence. I think there are one or two states in the Union

having such departments and I, to a great degree, as yourself, am looking for information along this line.

I feel that something in this line could be and would be of material benefit in the management of the affairs of the state, and it would not only reach to the state, but if that line should be followed in the management of the state's affairs it would have a tendency to reach down into the different counties and municipalities within the borders of the state and be of material assistance in that line also.

GOVERNOR COLQUITT (of Texas)—Mr. Chairman: In Texas the people elect the Governor, the Lieutenant Governor, Attorney General, State Treasurer, Comptroller, Land Commissioner; also the Commissioner of Agriculture and Superintendent of Public Instruction; all of the other heads of State Departments are appointed by the Governor, including the Secretary of State.

Now, it occurs to me that the creation of a new department such as is suggested, creates a new political organization that will be subject to the same political influences that any other department would be subject to. Take for instance the Comptroller's office—you create a department of this kind, the Comptroller's office might be under the control of a man who was unfriendly to the policies of the Governor or the Attorney General's office, or some other elective office, you would have no power, as I understand it, unless your constitution authorized it, to proceed against its elective officers. In my state these elective officers can only be removed by impeachment before a Legislature. Even some of the appointive officers, in our State, cannot be removed by the Governor except for sufficient cause; but in our State we have had no defalcations of State officers; we have but very little extravagance. The Legislature, under our constitution, is required to itemize appropriations. The salary of a clerk in the Comptroller's office is fixed by the Legislature at twelve, fifteen or eighteen hundred dollars—every item of expenditure is set out in the appropriation bill. The largest item perhaps that any State official has at his disposal that is not itemized, which he may expend at his pleasure, is \$7,500.00 appropriated annually to the Governor for the enforcement of the law, the payment of rewards, etc. Out of that fund the Governor may employ an attorney to prosecute a case where the

prosecuting attorney is disqualified, or he may employ an attorney to bring suit for the State, where the attorney general fails or refuses to do so; he pays rewards for the apprehension of criminals out of that, and expenses of sheriffs from the State of Texas to other states, in going after fugitives from justice. The Land Commissioner perhaps has not over two or three thousand dollars at his disposal except that set out in the itemized appropriation—he cannot exceed that. No department in our State has any authority to contract any debt or obligation that is not already provided for by pre-existing law and the appropriation by the Legislature. If there is a deficiency in any department, under our statutes the head of that department may apply to the Governor thirty days before the deficiency is expected to occur, and under oath, show that a certain amount of money in addition to the sum appropriated, will be needed to carry forward the duties of his office, and the Governor may or may not grant or approve that application. If he approves it the money will be available thirty days after he acts upon it.

In our State it is almost impossible for a State official to be a defaulter and, under our constitution, the Governor of the State can appoint an auditor to audit the books of each department. I did that since I have been Governor of Texas, and had audited each and every department, except that of the elective officers, and we found in one case, that of an asylum steward, that he was a defaulter in the sum of five hundred dollars. That was the only defalcation covering a period of two years, in the handling of several millions of dollars.

Our University is governed by a Board of Regents appointed by the Governor. Our Agricultural and Mechanical College is governed in the same way. In those institutions the business management was not such as it ought to be and I have urged the appointment of business managers. No Regent of the University, or the A. & M. Coilege, or person in charge or control of the State Asylums, or any other eleemosynary institution, can do business with the institution over which he has control. If he does, he is subject to prosecution. A merchant in the City of Austin, who sits as a member of the Board of Managers of the Insane Asylum, cannot sell goods to the Insane Asylum.

Now, it has occurred to me that every department of govern-

ment which you seek to create by the Legislature, simply adds to this burden of expense. I believe if each state would clothe its Governor with authority to appoint an auditor, or to appoint some competent person to examine and audit the books of every institution in the State, and let such auditor drop in upon the state institutions or state department, without notice, just like a railroad auditor checks up a depot agent, you will probably have the best system of auditing and accounting and efficiency that you can devise.

Our Legislature has not provided for that, but the constitution gives the Governor the authority to do it without legislative enactment. It has been my experience that the multiplicity of departments in Texas has just simply added to the expense and increased the tax rate.

A special session of the Legislature has just adjourned and their disposition was to give every department what it needed, or that has been my opinion of the Legislature—practically all they asked. Our constitution provides that the tax rate should be fixed by the Legislature, but my predecessor in the Governor's office induced the Legislature to pass a bill creating an automatic tax board, composed of the Governor, the Comptroller and State Treasurer, which was clothed with the duty of fixing the tax rate automatically according to the amount of money appropriated by the Legislature.

I acted upon an appropriation bill just before I left to attend this Conference, carrying fourteen millions of dollars, appropriations being for a two-year period. I vetoed three millions and a half of it, and still we had to increase the tax rate. In our State, out of the seven million dollars appropriated annually by the bill I am referring to, one million dollars was appropriated to pay the expenses of the Judicial Department—salaries of judges, witness fees in criminal cases, sheriff's fees in attaching witnesses—in round figures, one million dollars. It costs a million and a quarter to pay the expenses of the Insane Asylums and the eleemosynary institutions—a Blind Institution, the Deaf and Dumb Institute, the Orphans' Home, the Tubercular Sanitorium, and institutions of that kind, and the bill carried, for a period of two years, four millions and a half for the University, the A. & M. College, four Normal Schools and the College of In-

dustrial Arts, and the entire expense of the State Government outside of the cost of the asylums, judiciary and higher institutions of learning, is only about \$1,250,000 per year.

Now, in my opinion, we have that question very well and satisfactorily solved. We can have any department audited without notice. All appropriations are made and itemized, and no department is authorized to expend any money, not even the Governor, except that he himself must apply to himself, under oath, that an appropriation which had been made for his department is about to be exhausted and will be exhausted in thirty days, and ask himself for an allowance to meet the deficiency; to anticipate the deficiency, and we haven't had a defalcation in any state department, except the five hundred dollars referred to, that I can recall, in twenty years.

GOVERNOR WILLIAM T. HAINES (of Maine)—Mr. Chairman, I come from one of the old States that is governed by the old system and still adheres to those principles which hold the Executive, the Legislative and the Judicial Departments to strict accountability for their part of the government.

I have been concerned with government for thirty-five years and our State has found in that time, that we get a better administration and better efficiency in all departments by holding the heads of departments responsible. The Executive is held more and more responsible for his appointments. We are gradually working to the idea that a term of office in any Executive Department should be a fixed and certain tenure; and it is my experience, and, as I have watched it, the experience of other Executives of the State, that the power of removal is the greatest nuisance that a Governor has to deal with, and results in the greatest disorder in civil government. I say this from having watched the system in a state that for fifty-five years has never had a political scandal in it, or defalcation.

We have adopted this policy in making these commissions, by making them bi-partisan; there is no commission that can get through a Legislature today, whatever it may be—whether the Legislature is Republican or Democratic, unless one member of the commission, if it is a commission of three, one member of the minority party is on it. That makes efficiency. That saves trouble; that keeps politics out of the administration of the busi-

ness affairs of our State. It has worked with the greatest success possible.

We have had an experience in our State along the lines which have been presented in the address by the Governor of Washington. Our new idea, which is popularly known as the Sturgiss Commission, was the creation of a commission to watch and to dictate and to supersede the work of the sheriffs of the counties, in the administration of the so-called prohibitory law. It proved a nuisance to everybody in public life and, by almost universal consent, was abolished. We have found, as I say, that if we hold every officer responsible for his work, the heads of the departments and the departments that work under them, we are bound to produce results, just as you would in any employment.

We have a few officers left today in our State, which the Governor can supersede. For instance, take the Fish and Game Commission, which is a very important Commission in our State, has to report every appointment to the Governor; and each appointment has to be confirmed by the Governor and Council. It is the biggest nuisance we have, for this reason: From every county in the State comes a political clique—I don't mean they are Republicans or Democrats, but a clique that wants this man or that man, and tries to supersede the Commission with the Governor, and the Commission does not know what they are doing; and when the people undertake to hold them responsible, they will say, "We are not responsible; the Governor and Council can set aside this man and put another in his place," and they go to him and say, "We had to do that to please a faction here or a faction there." And I say, I believe we have demonstrated in the State of Maine, an old conservative State, that we believe in Commissions and in holding them responsible, for we get efficiency and good work through them, and the effort is more and more to make them bi-partisan and held responsible for the work that is done.

Ex-GOVERNOR GILCHRIST—Mr. Chairman: If there is any State of the Union here represented that has not an Auditor, I say, get an Auditor and get him right off. Everyone knows that Bill and Sam who are elected respectively tax collector and assessor, are often incompetent. Many are defaulters on account

of ignorance. The way to save your money is to prevent defalcation.

We have two Auditors in the State of Florida at \$2,500.00 a year, and expenses. Their business is to check up every State and county office in the State. They check up everybody who handles State money or County money, with authority from the State. If a bondsman is afraid, when a tax collector or treasurer is seen drunk, or he plays cards or gambles, or he "smells something rotten," and he is afraid there is going to be a defalcation, he wires to the Governor to send down an Auditor at once. He goes down in pretty short order. That is the idea—prevent defalcations. I listened very particularly to the language used by the gentleman from Texas when he said there had not been a defalcation in the State offices of Texas, but he didn't say anything about counties. In our part of the world we try to prevent defalcation by any public officer.

GOVERNOR COLQUITT—If the gentleman will let me interrupt—the laws of our State provide for County Auditors, and there have been a good many defalcations in county offices, and the Auditor's system has not prevented it in our State.

Ex-GOVERNOR GILCHRIST—But you haven't got State Auditors who examine your County offices.

GOVERNOR COLQUITT—We have a Comptroller.

Ex-GOVERNOR GILCHRIST—You are very particular about the State, but I have indicated a way to prevent defalcations in the counties. Our State Auditors examine every State and County office—at least once a year; oftener if necessary.

GOVERNOR SLATON—Mr. Chairman, I will say just as the Ex-Governor of Florida has stated—there is one thing that is necessary in a State, and that is to have a State Auditor. We haven't any in Georgia, but the last three Governors have recommended the creation of the position of State Auditor for the very purposes that have been indicated by the Governors who have spoken.

It has been my observation, where the money is mostly spent, and spent most extravagantly, has been under the large appropriations which could hardly come under the control of an Auditor. For example, in my State, there is an appropriation of two and one-half million dollars, sometimes exceeding that

sum, made for the Common School System. My State is an agricultural State. It is beneficial to a good many counties of the State which receive more from the State than they pay into the treasury, that as much money should be turned into those counties as possible. If a teacher has fifty pupils, she receives just as much as if she had two pupils. Of course, the money going into the county is beneficial. There is, necessarily, the element of human nature that is involved, and there is not that strict accountability, when benefit is received by a community disproportionate to the amount it contributes, provided it is not bearing its share of the burden. Whenever these questions come up, I naturally go back mentally to fundamentals. We have just had the question up in Georgia, and the last session of the Legislature has dealt with the administration of State affairs upon a business basis. We have attempted to establish there by legislation which has just been adopted, an equalization system, and one of the reasons I urged for it in the message I gave, was this: That if every citizen bore his part of the public burden, however small his property may be, he is therefore interested in the administration of the State's affairs, and if appropriations are made which are extreme, which are excessive, which are disproportionate to the revenue, each citizen of the State must pay out of his pocket to pay that appropriation; hence, if every citizen feels that, he will keep a strict supervision over the acts of the Legislature, and then the evil which was suggested in the first part of Governor Lister's address would be met. And most surely we all recognize that people are complaining that their burdens are increasing while they are not receiving corresponding benefits. I believe if the equalization system can be adopted so that every citizen knows that where a dollar is appropriated he goes in his pocket, he, necessarily, will attempt to correct any evils which result.

Now, that supervision is going to be emphasized by increase of the tax rate, and if the citizen knows that the tax rate is increased, and he is paying more, he then is given an interest in public affairs and he will see to it that the money which he contributes will be wisely expended.

One of the troubles, in my judgment, with government nowadays is, that people receive benefits who do not bear any portion

of the burdens, and the system is an unwise one, which continually increases the sums contributed to government from certain individuals who may be in a minority, instead of putting that burden equally, according to means, upon everybody. As I stated to one of the Governors the other day, I thought that next to the Scriptures, the Essay of Emerson on Self-Reliance was one of the best things in all literature, where he says, "If you wish man to be anything, let him contribute something himself." And if all of our citizens know that they are paying a part of this money, public extravagance will be stopped on the first hand and, in the second place, the money which is contributed will be utilized to the very best purpose.

There are people in my state, and I presume there are in nearly all of the states, who think up, in the *interim* between sessions of the Legislature, some new suggestions for the appropriation of money. You will find that largely true in the case of eleemosynary institutions, among people who contribute little, but they have liberal views on expenditures, but they must understand that while you contribute on the one hand, you must not do it with a sort of feeling of luxurious generosity, in giving somebody else's money. When it is yours, you should be assured that every dollar is going to accomplish its purpose. That is difficult with eleemosynary institutions. When it comes to the subject of schools in which we are all interested, it becomes more difficult, and so, instead of dealing with the matter of a few dollars here or there in the construction of a building, in the purchasing of supplies, if you can put some wise check, some public observation upon the expenditures of the large sums, it seems to me, that to a large extent, you will have settled the problem.

Now, just as in Texas, in Georgia we have the strictest constitutional provisions on the subject of economy. For example, the constitution of our State has not been altered excepting by amendments, since 1877. By provisions of the constitution, the number of the secretaries of the Governor is limited and their salaries are prescribed by the constitution. The same is the case as to the clerks in the office of the Secretary and the State Treasurer, and the other officers of the State. When we built our State Capitol, the Commission that was appointed came

within eighteen dollars of the amount that was appropriated, and they turned that money back into the treasury and, in history, I suppose that is almost unprecedented, but it is a fact which indicates the strict surveillance under which all public officials of Georgia are placed.

As to the contingent fund, so far as it becomes a matter of discretion of the Governor, by law it requires that every item must be published, postage stamps, pencils and all, because that is the one field in which he may exercise his discretion, and when he has the discretion, therefore, there ought to be the greater check.

As to this matter of the Auditor, it is very necessary that a State, which is a business in a certain sense, should be under supervision, and Governor Lister I think is correct in this idea; it is fundamental; it is well to have a check; if we wish efficiency, there should be a check. The man who will make the best auditor, Mr. Chairman, is, oftentimes, the man least popular with the masses, and the very fact that he is strict, and if he calls to accountability those officers who generally are popular in the State, would disqualify him for election, but this makes him all the more serviceable as a public official.

I think that that auditing system is a wise one, where the Governor may send the auditor at any time, in his discretion, unannounced to a department. That is suggested by common business methods. But, on the other hand, as to these large charges, if we can apportion the burden of taxes, and then if we can give publicity so that people may understand how their money is being expended, I think, to a great extent the problem will be solved.

GOVERNOR STEWART—Mr. Chairman: I think that perhaps a Bureau of Efficiency and Economy is not as broad as the different problems which have been presented here today. We all have our theories of government and we are working them out; but when it comes to the installation of a new Bureau, a Bureau whose province will be to examine and criticise the work of the other departments of state, I think we are treading upon dangerous ground. We know that a person who can write an article or a book, can sit back and find fault and write. If we are going to establish an official, or a set of officials in a position

to criticise, we will find that they will be ever ready with criticism, and not always with suggestions which can be crystallized into benefit to the community and to the State.

Some of the problems which confront the State of Georgia, as the Governor has said, do not confront some of the other States. For instance, the distribution of the school funds in his State, seems to have been the subject of a good deal of trouble and discussion. In the State of Montana we have no trouble over that. That is automatically regulated and we have no trouble at all, and we have a good school system. So we do not have to confront that situation in any sense. But the situation which we have had to confront with regard to educational institutions has been that of the different state institutions sending their lobbies to the legislature and asking appropriations each for their own particular institution, thereby creating a rivalry between the University, the Agricultural College, the Normals and the different institutions, each one pleading for just as much as they can possibly get, and, to a certain extent, knocking the other institutions. This has become so flagrant in our state, that the last Legislature devised a scheme and embodied it into a proposed constitutional amendment which provides for the collection of a mill tax, taking it out of the hands of the Legislature entirely—a mill tax which will be collected and which will be utilized for the support of the different State institutions, and which will be apportioned by the State Board of Education, which is the governing board. We got away from that, and I think we will get away from the trouble with the financial end of the educational institutions entirely, under that system.

The thing that troubles us however, on this question of a Department of Economy and Efficiency, is in the proposition of putting some man in a position where he will go into a department or an office and say, "Here, you have been extravagant; you have spent your money perhaps honestly and with good intent, but it was uselessly spent." Now that man, from his viewpoint, may be just as honest as the man who spent the money, but you simply have a question of judgment—the two men differ.

One man attends to the advertising of the resources of the State, as we have a Department of Agriculture and Publicity, and the man in that position is a lively advertiser; he spends his money getting out around over the State and over the country trying to advertise the resources of the State; but the head of your Department of Economy comes in and says that money is thrown away. Now you can see we are not going to get the other part of the title of the office—that of efficiency, because the head of the department is ever hampered by the fear that the other fellow will come in and criticise him, and the people will say, "Perhaps he is right, there has been extravagance," and there is trouble, and you don't get your efficiency at all.

GOVERNOR SLATON—Is it not true that the auditing system only ought to cover the expenditure of money, and not go into the question as to what should be done with the department? Take this illustration: The State Board of Health which says that a certain serum ought to be made to stop a certain disease—meningitis, for example; the auditor can't go into the question of public health and say how much ought to be spent in finding a cure for hydrophobia, and the like. Would not that cause serious trouble and conflict, and should not the auditing system be limited simply to investigating as to the expenditures of the public money?

GOVERNOR STEWART—Take our State. We have a State Examiner, who has a corps of deputies who go around over the State. He examines every state officer whenever he wants to. He goes in without notice. He calls and says, "Today I will examine your books and check you up;" and he makes a report to the Governor of the State and to the Attorney General, and tells him in what condition he finds that office. So we don't need your new bureau for that end of the game, because we hold them to a strict accountability.

GOVERNOR SLATON—I agree with the Governor.

GOVERNOR STEWART (Continuing)—Then he goes out and examines the county officers whenever he sees fit, and finds out if they are conducting their business honestly; and he must make a written report to the Board of County Commissioners concerning the county officers, and he must tell the County Attorney, in a report, the conditions in which he finds the various

offices, and if there are any recommendations as to efficiency there; he makes them. But he has no right to say that in matters of discretion the man should or should not spend money along certain lines. So that from your point of view I am unable to see where a department of this kind can be beneficial. Not only that, but we go back to the proposition, in the State, of the Governor appointing the men who are to be the heads of the departments, and, after all, he is the man who is responsible.

I remember years ago, in talking about bank stock as an investment—I asked an old banker, a friend of mine, what he thought about bank stock as an investment; and he said it was the very best investment in the world, or the very poorest. And I said, "How is that?" He said, "If you have a good man handling your bank, it is the best; if you happen to get hold of a bad man, it is the worst." He said, "It all depends upon the man who is managing the bank." And that is just the proposition in State government—it all depends upon the Governor. If he picks out good men, and I venture to say in this aggregation of Governors here today, that you will all agree with me that if your State administration is a failure, it is not as apt to be on account of the men whom you picked out for the heads of departments, as the men whom were picked out by the people to associate with you in the elective offices, because one man will always, in picking, exercise better discretion perhaps, than will the multitude. But if you are going to have a man who goes in there, if he is an entirely independent individual, or board, he goes in and makes these examinations, perhaps actuated by honest motives, or otherwise; but if perchance there is a difference of politics, or a difference of opinion, or some dislike, then you will find the honest official criticised for his economy, or efficiency, if you please.

I have had only limited experience—only since the first of the year—in the office of Governor, and I have been sorely tried on the question of extravagances of the different departments. I am unable to say how we are going to get any place at all by having a Department of Efficiency and Economy, with power and authority to go in and say, "Here, this man should not have spent this sum of money for this purpose," or "is not conducting his office as he should conduct it."

As I said in the beginning, it is easy to criticise, and a man could make such seemingly sound and reasonable criticism and be absolutely unable to put into effect the doctrine which he is preaching.

CHAIRMAN MANN—Governor Carey, will you please take the chair for a moment.

GOVERNOR CAREY (of Wyoming) assumed the chair.

GOVERNOR MANN—Mr. Chairman and Gentlemen of the Conference:

Under our constitution a Governor cannot succeed himself and my term of office will expire on the first of next February; so that I approach the subject under consideration from an impartial standpoint.

I think the great difficulty in the government of our several States arises from the fact that the Governor has not enough power; and I think the solution of practically all the questions that confront us today rests upon the fact that the Governor ought to have the power which the people think he has. Now, if he had that power, there would be no trouble.

GOVERNOR COLQUITT—That is well put.

GOVERNOR MANN (continuing)—I want to suggest to the Governor from Washington, whose paper was a very admirable one and was very instructive to me, and I think to the Conference—that in our State we have a Board of State Accountants, with power to appoint deputies, and the Governor has a right to send him around and inspect the various institutions, and the Governor has control of the boards of these institutions, but not as much as he ought to have. He has the power of appointment, but the power of removal is dependent upon certain conditions which ought not to exist. The Governor ought to have the power to remove every officer that he appoints, for causes which seem good to him, in my judgment.

Just to make a little side remark here—I sent this accountant up to examine one of our State institutions—our State hospital; he not only went over the accounts, but he went over the contributions that the patients had, and this funny thing happened: He went down to the breakfast room where the female patients were getting the breakfast—there were some 200 there; there was a lady among them whose mind was a little weak—ladies

never lose their minds entirely—and she was seated at the head of the table. Before breakfast commenced, she tapped upon the table and this occurred: She said, "The Lord be praised, the ladies are pleased, a thing which rarely occurs; in peace and in quiet we would think or die, and the name of the Lord be praised."

But now here is the idea I want to get at. I knew the per capita cost of a patient in every one of our State hospitals, and I know about them. The affairs of an institution are being economically conducted or extravagantly conducted, as the case may be, and the only thing I therefore have to find out is how the patients are treated; and as soon as I find that out, the question is solved.

Now in reference to the heads of the departments—and here is where the Governor comes in. In my State I have the right to suspend the heads of all the departments. I can say to the Governor of Maine, being one of the oldest States in the Union—some of the other States came in at the same time you did and helped to constitute this Union in '76; but we—of the old South, we have lived up to the principles of representative government, we are the first State in which a legislative body ever dissented, and that was in 1716—

GOVERNOR McGOVERN—In 1719.

GOVERNOR MANN (continuing)—In 1719. My recollection about these things is not as good as the Governor of Wisconsin.

I was in Washington some time ago when a friend of mine tried to stand a civil service examination. They asked him to give a short biography of General Winfield Scott. He said, "General Scott was born in America; discovered Scotland at an early age; wrote the Waverly Novels and gave out a war-whoop on Sundays." Well, he didn't pass. Some fellow asked him, "John, why didn't you pass that civil service examination?" And he replied: "Them fools asked about things that happened before I was born."

That is why I can't go back as far as the Governor of Wisconsin.

As Governor of the State of Virginia, I have control of the heads of departments, but I have no control of the policies of

those departments, and yet I am held responsible for the policies and the success of those departments. I think the Governor should have the control of the policy of every department in the government for which he is responsible, and he should be held responsible for the manner in which those departments are conducted. I can suspend heads of departments but I cannot remove them. I can suspend them until the next legislature meets and it can then determine whether removal is proper, or not, or can reinstate the officer, if it thinks proper. But here is the trouble.

For instance, I have no control over the justices of the peace. A justice of the peace who has jurisdiction over gambling in a certain county can defy the power of the State. There is only one in each district, but he has the sole jurisdiction and there is no appeal to the State. The Governor should have the power to remove those officers; and it all comes back to this proposition—that the Governor should have the power that the people think he has got—the power to govern. They want the facts and they want the Governor to have the power to carry on and conduct these departments so as to make them work together for the best interests of the people, and not for the glory of the heads of those departments. That is where the trouble comes in.

Now with reference to appropriations; we have no trouble on that score, because they are all made by the legislature and the appropriations must be spent in accordance with the provisions of the legislature; but the Governor has control over the way these appropriations are made. After the last session of the legislature I noticed that we were not spending money rapidly in our State, and I think I can say with pride, and certainly with truth, that there is no graft of any kind in Virginia. We go back to the first principles—we get honest men for the positions; and when you do that your difficulty, to a large extent, is overcome. Sometimes, in some of the States, money is spent lavishly because they want to make certain appropriations. There is a feeling in the breast of every man—and officers are not different from other people—they have friends, and the word of a friend sometimes, without being conscious of it, has more influence than it ought to have, and sometimes appropria-

tions are made by the legislature more extravagant than is required for the best interests of the State.

At the last session of our legislature I said to a committee of the House and the Senate, "Gentlemen, I know the finances of this State and you can consistently appropriate so much money for the next two years—so much per year; and I just want to say to you if you appropriate more than that you have got me to deal with. I am going to veto your bills." In our State we can veto the separate items. I think that power should go a little further, and that we should have the right to scale the allowance.

GOVERNOR SLATON—In Georgia we can veto the separate items, but we cannot scale them.

GOVERNOR MANN (continuing)—In one State, I believe it is Pennsylvania, the power to veto carries with it the power to reduce. That may be so in other States.

GOVERNOR AMMONS—We have it here, but I don't think it has been determined by the courts.

GOVERNOR MANN (continuing)—In some States it has been determined adversely.

GOVERNOR McGOVERN—In the State of Arizona I think it was decided adversely.

GOVERNOR HATFIELD—In West Virginia also.

GOVERNOR MANN (continuing)—Now if that power were given to the Governor, they might question the power to reduce each separate item, but it would be a step in advance. But I just rose for the purpose of agreeing with the Governor of Montana in his views, that we don't want, at this time, any more commissions. We have gotten to the point where we are being governed by commissions, and the power is being taken out of the hands of the constitutional officers. What you want to do—at least from my standpoint—this is my view—you want to give the Governors of the several States more power, and let him see to it that all the departments of government are efficiently administered, and, as I said, he would not have to go into a supervision of the details. If he knows what it costs to maintain a State student at one of the State educational institutions, he knows whether the affairs of that institution are being properly managed or not, and if not, he can go to work

and reduce the expenses. I know I have done that in several cases in my own State. It all comes down to this—give the Governor the power to inform himself, and then give him the power to control—because that is what his title means—that is what his office means—the power to govern the State over which he has the supreme jurisdiction. (Applause.)

GOVERNOR DUNNE—Let me suggest to Governor Mann that there might be some danger—in having the power of control centered in one man—of drifting into Czarism.

GOVERNOR MANN resumed the chair.

GOVERNOR HAINES (of Maine)—In presenting the other side of this question, I do not want to state my personal ideas of it. I come from a State that, since 1820, has had a system of government where its executive is responsible for the executive department, its legislature for the legislative and the judicial for the judicial department.

Now comes the question of commissions. All this talk of commissions is but an extension of the executive department, and even we have carried it to an extension of the legislative department. We have given the Commission of Fish and Game the right to legislate, practically, in certain matters within its jurisdiction.

The experience of our State shows that we have kept our government clean, honest and correct, without graft and without trouble, by making laws. We are governed by laws and not by Governors!

Now let me take up the question of schools. In 1878 we inaugurated a mill tax for the schools. It makes no difference how many officers you have in a school district. That mill tax is reported according to the number of scholars in the 525 towns and 21 cities. We have had it since 1878. Three years ago we increased it and it is now three mills. We call it an equalization of taxation. We tax all the property of the State for the benefit of all the children of the State and the number of children determines the story. There is nobody to say what that money is to be used for, except the law. The law says the State Treasurer, according to the number of children, shall set aside so much for that purpose.

We have a State of seven hundred and forty-two thousand people. How much do you suppose it cost us for all our government, judicial, and everything you can call government? A little over \$700,000.00 a year. We raise five million dollars. Over half of it comes from corporations. What do we do with it? Distribute it back to the towns and cities—a million and a half to the schools, and half a million for roads; also for charitable institutions in different localities, and aid in every way. How is it done? Not by the Governor, not by commissioners, but by law! The law says where every dollar shall go.

When the sheriffs do not enforce the liquor law, which is the great question in our State, the commission had a right to enforce it. It has proved a great nuisance. The Republicans and Democrats have said they didn't want it any more. In other words, they don't want a commission for any such purpose, for don't you see it will naturally create criticism and trouble? Take the sheriff who thinks he is doing as well as he can, and somebody goes to the Governor and says, "This fellow is not doing right," what are you going to do? The Governor has no authority to throw him out; he cannot do it. You cannot impeach a sheriff without the legislature; he could supersede him with his special commission, but then you have a dual government—that is what you are going to get with this commission. We have tried and tried in our State to get commissions in municipalities, but if you cannot get the laws you cannot get them. They will be unpopular if you do. Our laws provide for a State Auditor, whose reports, each month, are submitted to the Governor and council, and a committee of the council goes over the auditor's report, which shows the State expenditures. Every town in the State has an auditor, and every county has a county auditor, and they are all regulated by law. We have academies under our laws, and appropriations are made for them. Recently one of these academies lacked three students of the required number provided by statute, and a committee wanted to find out if the Governor and council could not in some way legislate, or if they couldn't do something to get the money for that academy. We simply opened the revised statute on the subject and I said, "Here is your government; the revised statute says you must have so many students;

you lack three students, which is the same as if you lacked thirty."

My idea is that Governors do not govern. They should not govern; they should execute the laws, and if your governments are in detail, and your statutes in detail provide how your money shall be raised and where it shall go, and your appropriations are made in detail, and no authority given empowering you to expend any money that is not voted by the people's representatives, you will have no trouble.

Now why should this be so? Why do you talk about Governors governing, Why do you supersede your legislature, even, in many States of this Union? In my State if they don't like the laws, they refer them; if they want a law the legislature don't want, they initiate it. Was there ever a day in this country when the people were trying to govern themselves through laws, even to legislate, as they are today? (Applause.)

CHAIRMAN MANN—The hour for adjournment has arrived—I merely mention it; but, of course, the will of the Conference will be followed. What is the will of the Conference?

GOVERNOR LISTER—I desire to take but a few minutes. I was more than pleased with the remarks of Governor Mann. In the short address I delivered, I endeavored to emphasize my belief that the responsibility for the efficiency and economy of an administration rests upon the shoulders of the Governor, in the minds of the people. That is the controlling influence. In relation to results in our State, I have already made some such arrangement as this—I have appointed in my office one of the best accountants in the State of Washington, and not on account of any political ability he might have, or pull—in fact, he happens to be a Republican, while the Governor of the State is a Democrat. The accountant of my department will keep a monthly record of all the expenditures of every department under the control of the Governor's office. His records will show what the appropriation made by the legislature amounts to, and each month deductions of the monthly expenditures will be made, so that the account, kept in my office, will show just exactly what moneys have been expended from the appropriations and how much remains for expenditure. The public institutions will also report to my office. I have the power to send

this particular auditor to any department or any institution in the State of Washington to make examination of the records of that institution, and I intend to follow that course. I believe that good results can and will be obtained from that kind of service.

A Governor is responsible to the people, and with that in mind, as Governor, I desire to be fairly informed of what the different departments are doing, not for the purpose of criticism, but for the purpose of assisting, to the best of my ability, those departments in their work. For six years I occupied a position at the head of our State institutions in the State of Washington—from 1897 to 1903. The question in the management of those institutions was what kind of service was being rendered at the institutions and what was the cost to the taxpayers of the State, per inmate per day. That was the kind of information we were constantly endeavoring to get together, and we had that information at all times. Each month a statement was made up covering all of the institutions under the Board of Control showing just exactly what the monthly expenditures had been, also what the expenditures had been for the appropriation period, up to that month, showing the per capita cost per month; the per capita cost for the number of inmates and a copy of that statement was sent to every institution under the control of the Board of Control each month, not alone the statement of their particular institution, but the statement of all the institutions, so that the different hospitals for the insane would know just exactly how much it was costing to maintain other hospitals for the insane, and so on down the line. I believe that was most effective. I found, in visiting the institutions where the cost of maintaining some institutions had been higher than others, the superintendent and accountant immediately wanted to take the matter up with myself and find out the reason why the other institutions were being maintained at a less cost than their institution, and, in that way, good results were obtained. It is not a question of reducing the efficiency of an institution, or a department; it is a question of getting the highest degree of efficiency at the least possible cost to the taxpayer, and I think most of us must admit that the tendency, often times, has not been to get that kind of result.

in the administration of public affairs. Certainly, the public has had that feeling, and anything we can do ought to be done to allay that feeling and show to the people that the public officials are using their best endeavors to get a dollar's worth of value for every dollar's worth of money expended for the maintenance of the governmental affairs of a State, of a county, of a city.

I was more than pleased to hear Governor Mann's statement here, that no matter what authority the constitution of a State may give to a Governor, the people of the State hold the Governor responsible. He is the man they look to as being responsible and upon whom the responsibility is placed, and he must expect his appointees to give the kind of results that will not only reflect credit upon their different departments but also upon the administration as a whole. I thank you. (Applause.)

GOVERNOR SLATON—I move we take a recess.

CHAIRMAN MANN—Just one moment. The photographer is here and he says he is so much impressed with the good looks of the members of the Conference that he wishes to take our photographs immediately upon adjournment.

I also desire to announce that the invitation to Mount Manitou includes all the ladies who are connected with the Governors here—in fact, all the Governor's party are expected to go upon this invitation.

Upon motion duly made and seconded, a recess was taken.

Immediately upon the recess being taken, the members of the Governor's Conference, their wives and guests proceeded to Manitou, where they took the Mount Manitou Park Incline Railway and enjoyed a picnic luncheon in Mount Manitou Park, as the guests of Dr. N. N. Brumback, manager of the Mount Manitou Incline Railway Company.

Immediately following the luncheon, speeches were made by Dr. A. C. McGruder, chairman of the committee of arrangements, on behalf of the Chamber of Commerce of Colorado Springs, Dr. N. N. Brumback, manager of the Mount Manitou Park Incline Railway Company, Governor Colquitt of Texas, Governor McGovern of Wisconsin, Governor O'Neal of Alabama and Governor Baldwin of Connecticut.

Governor McGovern, chairman of the Executive Committee, announced that a meeting would be held at the Pavilion on Mount Manitou and, as far as possible, the program announced for Saturday, August 30, would be disposed of, and that a business session would be held at the Antlers Hotel, at Colorado Springs, in the evening.

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## AFTERNOON SESSION

The afternoon session was called to order in the pavilion on the summit of Mount Manitou at three o'clock, Governor Dunne, of Illinois, presiding.

CHAIRMAN DUNNE—The Governors' Conference will come to order. The subject to be considered this afternoon is included in Saturday's program. The question to be discussed is "State Assumption of Nomination and Election Expenses." We will now hear an address from Governor Simeon E. Baldwin, of Connecticut, on that subject.

### "STATE ASSUMPTION OF NOMINATION AND ELECTION EXPENSES."

**GOVERNOR SIMEON E. BALDWIN OF CONNECTICUT.**

Mr. Chairman and Gentlemen: I suppose that twenty or thirty years ago it would have been said it was impossible that the State should ever assume the expenses of the State elections and State primaries; and nomination primaries and nomination expenses; but it is something like the story of the International Court. It was thought, twenty or thirty years ago, by a great many, that we never should have an International Court of Justice or an International Congress, to pass upon questions between different nations; but some one said, "Why, you are doing it, you are at it already," and he pointed out the Postal Union, where all nations join together in determining

what should be the postage throughout the world, whether it shall be two cents, three cents, five cents or twenty, and so they legislate. And so The Hague tribunal was a court. So we, during the last twenty or thirty years, as States, have been assuming more and more, the payment, in fact, of election expenses, and even of nomination expenses, and I think that in any view of the functions of representative government, you have got to expect a considerable expenditure to be made by the State for the purpose of electing and nominating proper men.

No one doubts the propriety of the assumption by the State of some of the expenses incident to an election of State officers. It has always been our uniform practice, and is defensible on any theory of the proper functions of representative government.

The worth of any such scheme of political organization is largely determined by the character and aims of those who direct its operations. They must be men who understand, and mean to further, the true interests of the people over whom they may be placed in authority. To see that they are so placed only after a reasonable opportunity to ascertain what manner of men they are, and then only by the free choice of their fellow citizens, is, therefore, one of the first objects of every constitutional scheme.

The American people have become satisfied that a free choice is best secured by a secret ballot. To make it secret, the State must take some part in its preparation. To have it, at all, the State must lay out money to secure lists of the qualified voters and to provide ballot boxes and election officers. So far its duty is incontestable.

But it would be idle to call for votes in a State-wide election, unless there were known candidates for or against whom to cast them.

The State recognizes this by printing, or authorizing the printing, on the ballots which it prepares the names of candidates, but it is not its business to select these. The selection belongs to the people, or to a recognized part of them. The business of the State is to make sure that the names printed on the ballot are the result of such a selection. It may permit a substitution of other names in writing, at the will of any voter;

but he makes it for himself, and with no reference to representative or collective action.

The main subject of the ballot will be the choosing of the names submitted by others for the consideration of the voter. He will generally be a member of a certain political party. He will generally desire to vote for the candidate put forward by that party. The State should respect that desire by giving him a fair opportunity to satisfy it, at least as to non-judicial appointments.

This cannot be, unless the official ballot contains the names of all that his party has placed in nomination. The State may, therefore, fairly inquire into what each political party has done in this direction, and whether it has been fairly done. "Let me control the nominations," someone has said, "and I care not who makes the elections." To secure fair party action, the State may regulate the holding of party conventions, so far as their end may justify such interference. It may require returns by party officials of the nominations made. It may require the appointment of such officials for that purpose, and prescribe the form of their returns. It may exercise its police power to preserve order in nominating assemblies. These things cost money, but thus far there will be little dispute that the State may go, and should go.

But now we enter on debatable ground. May the State properly assume such expenses as individuals are now at, in attempting to secure a nomination for office?

They are the expenses which bear most heavily on the particular persons specially interested. A campaign for a nomination to be made by a party convention is a personal affair. It does not strictly concern the party itself. It is a contest within the party. The cost of the struggle falls upon the man seeking the nomination, and his special friends. It is often so great that he abandons the struggle. The obvious tendency of this is to shut out the poor man, unless he puts himself under what they would be apt to consider implied obligations to those who supply him with the necessary funds. I regard this, however, as an inevitable incident of party government, whether in respect to party conventions or direct primaries within a party.

A direct primary not restricted to a party choice, but where

the whole body of the voters may participate, without any limitations, by reason of their party affiliations, stands on a different ground. Here, in theory, the whole people give two days every year or two, to the election of their rulers—one to select names for consideration, and another to choose between those thus put forward.

The State can hardly be expected to assume the cost of circulating papers for the nomination of any particular person. He may have no sort of fitness for the office. Notoriously these papers are often signed by those who never seriously intend to vote for the candidate whom they thus endorse. Often, it is to be feared, the signatures are bought.

At a congressional primary in Boston a few years ago, a certain candidate got in all not one-eighth as many votes as there were signatures to his nominating papers.

But on the other hand, a primary open to the whole people, and called to present names for the approval of the whole people, seems a just subject of governmental aid, as respects to whatever makes for the end that it was established to secure.

We may agree in theory with Aristotle's saying that no man should ask for an office, but he who is fit for it ought to have it, whether he wishes the position or not. This was the aim our fathers had in view when they devised the electoral college for the selection of the President and Vice-President of the United States. Their scheme worked fairly well in respect to the first choice, Washington; but it broke completely down in the contest which finally resulted in the election of Jefferson. It ignored the practical necessity of party government wherever there are representative institutions. Someone must give more than two or three hours, or two or three days in a year to the business of electing men to public office. There must be many who do, and many of different views, or the best results will not be worked out.

It is true that much of this will not take place in the open. A few will lead the rest, and the rest will hardly know that they are being led. A former president of Harvard University said some forty years ago: "I always feel, when I put my hand to the ballot box, that I am being used by somebody, I know not

whom; for some purpose, I know not what." He had himself to blame for it.

Parties indeed create the problem which we are considering, but they are well worth their cost. They keep the currents of public opinion in motion. Abolish them, and there will be stagnation. In some form, and by some means, if they do not control, they will always seriously affect nominations, for State and national office. A political party is an organization of men for two objects, to secure the enforcement by the government of certain rules of political action, and to put in office men on whom it may rely to see that these rules are enforced. The first object is the primary one, and no one doubts that it offers a legitimate reason for the existence of parties in a free State. The second object is fairly incidental to the first, and concerns the proper working of the government, almost, if not quite, as nearly.

The government, therefore, must have a right, in self-defense, so to regulate the making of nominations, whether by party conventions, or primaries, or by direct primaries of the whole people, as, not to dictate the choice, but to assure that it fairly represents the desires of those who make it.

For more than a quarter of a century our States have been passing statutes to regulate proceedings in party nominating processes. Massachusetts was one of the first to set the example.

This was, in effect, a fundamental change in our political system; but the courts supported it as a reasonable incident to legislative power.

So far as concerns direct primaries that are State-wide and not simply affairs of party, the State must have a right, if the people are satisfied that such nominations by a party convention or primary can be replaced by another mode of proceeding, which gives them a better opportunity to make their wishes prevail, to institute this other mode.

And what the State can institute, it can protect.

The people may fairly be given, in our country, three lines of opportunity: First, to determine the ends they wish their governments to secure; second, to determine as to all large matters the means by which those ends can be best attained; and

third, to choose the men to put their conclusions into proper shape and to administer the State in conformity thereto.

As to the small matters, the selection of means seems to me to belong of right to their representatives. The people can pass to advantage on large questions, not on small ones.

And now another question calls for answer.

After deciding what expenses may fairly be met from public money, how much of the money should come direct from the funds of the State, and how much from local communities?

The State must certainly settle by law or some form of regulation, the kinds of expense which it is fit to make a public charge. It can hardly, with safety, let that be decided by city or county authorities. They might be too easily swayed, upon occasion, by local pressure from personal friends or political associates. Wherever there is a question as to spending public money to discharge what would otherwise be an individual or party liability, no barrier can be wisely let down which can serve to protect the interests of the mass of the community against those of a comparatively small part of it.

The State must, then, definitely fix the lines of expense. Home rule must be confined in this respect to directing how the outlay shall be made; and at what cost, within the lines so prescribed.

It cannot be unfair to allow certain kinds of expenditures in State primaries or elections, which are not authorized at municipal primaries and elections, and the converse is equally true. A municipal newspaper, for instance, such as the city of Los Angeles, California, published for a few months, might be allowable as a means of popular enlightenment in local political affairs, although a State newspaper to circulate in every kind of local community, some representing one description of productive industry, and others another, hardly could be.

Expenses of this kind, chargeable by law on municipal funds, have already reached in some States, quite startling figures. The increasing use of the direct primary and the recall, both for States and municipalities, adds greatly to what had been previously regarded as the only proper political expenditures.

Printers bills especially must be large. Thus in the proposed charter for 1913 the city of Dayton, Ohio, any elector desiring

to invoke the process of recall must (Section 14) obtain blank petitions from the clerk of the city commission of a certain form, and this clerk is "to keep a sufficient number of such blank petitions on file for distribution." No limit is or could be placed on the number to be thus kept on hand.

The discussion thus far has been confined to what the State may spend or permit her local political agencies to spend; but this is closely linked to the consideration of what may be spent from private funds, either for similar or for different purposes.

There can be no doubt that the State can and should confine such outlays to a few subjects, and to a fixed and reasonable sum. Without such laws, the poor man is put at a disadvantage, and corruption is, in many cases, inevitable. With them, the assumption of these outlays by the public treasury is brought much more within the range of practical and well-ordered politics.

We do not want a property qualification for every public office, either directly or indirectly.

In 1882 Gen. James B. Weaver was named by the populists as their candidate for President of the United States, in the free silver campaign of that year. He was a man of little property, and must have known that he had no real chance of an election. He borrowed money enough to enable him to meet his first speaking appointment which was at Denver. After his address at that meeting, a woman who sympathized with his views, took the platform and said that money was needed to prosecute such a campaign, and that the party treasury was empty. She would, therefore, propose taking a collection then and there in silver dollars, and added that anyone desiring to contribute might throw a dollar at her. Instantly there came a shower of silver dollars as to threaten the safety of all upon the platform, and I may add, to give assurance that he could continue what he had thus begun. But every impecunious candidate is not one who shines upon the platform, or who has a quick-witted woman to help him over financial shoals. The State must help him by keeping party expenditures within narrow limits.

A common expedient, and one generally approved as we know, is to make the amount that any candidate can expend within a certain sum proportionate to the number of electors who, if they

choose, could vote for him. Twenty years ago Missouri adopted this plan, making the limit one cent for each vote cast at the last election for the same office.

Several States name a sum constituting an invariable limit. Minnesota, for instance, prescribes \$7,000 as such a limit for a candidate for Governor, and a third of a year's salary in case of minor local officials.

One thing is clear. If the State is ever to assume all the expenses of nominations and elections, it must rigidly define and limit such expenses, and exclude the payment of those of any other kind by either individuals or parties.

Under the present scheme, by which the State meets but a small part of the expenses of its electoral machinery, it may be sufficient to provide that no items shall be included except a candidate's own personal travel, postage and telegraph bills; hall rent; hire of speakers and musicians; printing and advertising; copying poll-lists; canvassing voters; providing challengers; and the legal fees for filing papers.

The cost, which has often been large, of hiring transportation of electors to the polls would be thus excluded, and rightly. It often brings an unworthy element to the polls, and the case of the old and feeble can be fairly well provided for, as in Belgium, by increasing the number of polling places.

But the State ought not to pay for all that a candidate might find it convenient to expend, even for the purposes which I have specifically enumerated, and within a narrow limit of total cost. It could fairly, I think, go so far as to prohibit any campaign expenditures by or for any party or candidate for nomination or for office, provided it assumed the entire cost of both nomination and election proceedings in the following matters:

1. Printing and distribution of ballots and other papers required by law.
2. Traveling expenses of the candidates to and from appointments for meetings incident to the campaign, whether public or private.
3. Traveling expenses of speakers in their behalf to and from public meetings.
4. Copying poll or registry lists.
5. Providing challengers.

Of these items, the cost of the first would probably be the greatest. It is a cost which several States have already assumed. It has become not uncommon to mail a sample ballot, in advance of the election, to each elector, and in California a card of instruction as to the mode of voting goes with it. The sample ballot is on paper of a different color from that of the real official ballot. California also mails to each voter at a Presidential election a biographical sketch of each of the candidates. It is prepared by the candidate himself or, with his assent, by the proper committee of his party. It cannot exceed three hundred words in length, and when presented to the State authorities must be accompanied by a payment of \$200.00. The cost of the necessary postage, under such laws, is, of course, very considerable. This has led Michigan to forbid the mailing of campaign cards, or other political advertising matter, though they can be otherwise distributed, within certain limits of size. She also prohibits advertising by the publication of purely campaign newspapers.

It seems to me, also, that for whatever the State may pay, it should partly reimburse itself by refusing to put any name on the official election ballot, unless paid a registration fee proportionate to the number of votes cast for the office in question at the last previous election. Without seeking to make these fees so large as fully to indemnify the public treasury, they should be large enough to discourage nominations not proceeding from leading parties or schools of political thought, but representing merely personal ambitions.

If it be once granted that it is wise for the State to regulate the holding of party primaries, it becomes logical that they should pay the necessary expense. Thus far no State, I believe, does this, though some pay part of it, and provide for the balance by a *pro rata* assessment on the candidates for nomination.

Charging these with official fees to a reasonable amount seems particularly proper in States where the only struggle is for the nomination, and the election is almost perfunctory, calling out but a minority of the voters, although a large majority may participate in the previous primaries. Missouri charges a fee on the filing of a nomination paper, but sends it to the party treasury.

Assessing any such expenses by a State law upon candidates would, of course, be impracticable as respects offices of the United States.

Oregon and North Dakota each pay the traveling expenses of delegates to the national nominating conventions of established parties, to an amount not exceeding \$200.00 for each. I should regard this as unnecessary. The interesting nature of the proceedings of such a body, and the opportunities it gives to meet political associates, are sure to attract attendance from almost all those who receive the compliment of an election, and are sincere and intelligent members of the party.

Are all our modern additions to the machinery of elections worthy what they cost us? The Professor of Comparative Legislation at Harvard University, and author of the Standard Work on American Statute Law, Frederick J. Stimson, is of the opinion that direct primaries, the regulation by law of caucuses, modes of nomination, and the filing of nomination papers, the compelling those nominated to stand for election, unless they formally resign, and the refusal of official recognition to parties not casting a certain percentage of votes at some previous election, are one and all mistakes in government, with the possible exception of allowing public nomination papers.\* He is not alone in the view thus taken, but be he right or wrong, the expenditure which these things entail should certainly be closely watched.

In line with Governor Lister's address this morning, the Chicago Bureau of Public Efficiency recently published a report on the growing cost of elections in Cook County, in which Chicago is situated. It advocates the curtailing, or if that prove insufficient, the abolition of municipal and judicial primaries, simply on the ground of expense. This expense, in Chicago, reached, in 1912, nearly a million dollars, which is more than the expenditure of the United States for its whole civil list in the first year after the adoption of the Constitution. Just think of one county, practically one city, in this country, as spending more money on election matters alone, than the whole United States spent for its entire civil list during that first year of its existence!

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\* Stimson Popular Law Making, 208.

There is no one of us I presume, who has not had cause to remark upon the multiplication of needs for State and County legislative appropriations. The world moves. Our States grow. The duties of the State increase, and so does, necessarily, the cost of public service. All that is admitted. But all States, generally speaking, are spending more than they need to spend.

One of the richest and largest of them, on July 1st, 1913, had before it for payment during the balance of the year, over thirty-five million dollars, and, with less than half a million in its treasury, was threatened with a deficit of ten million dollars before the year closes.

There is a bottom even to a State treasury. I have said that State regulation of party nominations might logically call for State assumption of proper nomination expenses. But to Anglo-Saxons, and hardly less to the composite American of our day, logic does not seem to have much to do with political science. We advance—or slip back—a step at a time. Practice crowds theory aside. In some of our States public opinion expects far more from the government than in others. These will experiment for the benefit of all. (Great applause.)

CHAIRMAN DUNNE—Gentlemen, I am informed that Governor Carey of Wyoming did not anticipate that this discussion here this afternoon would be conducted *upon such a high plane* and left the manuscript of his paper, which is next upon the program, at the hotel. The discussion, therefore, upon the paper just read by Governor Baldwin, will proceed without the reading of Governor Carey's paper, and I hope that at a subsequent session of this body that paper will be read.

The matter now is open for discussion and you will pardon me, gentlemen, if I make a suggestion in view of the fact that this is the first opportunity I have had of participating today in the discussion of the Governors' Conference, and therefore, not having become as well acquainted with my fellow Governors as some of the gentlemen who have attended the Conferences in the past you will pardon the suggestion if I make it, that when you announce that you are ready to discuss this paper, that you will give me your names and the State from which you hail, and I shall try to recognize you in the order in which you manifest your desire.

GOVERNOR SPRY (of Utah)—I would like to move that Governor Carey have an opportunity of reading his address; and, if not, that he be allowed to publish it as part of the official proceedings.

CHAIRMAN DUNNE—I understand Governor Carey is prepared to read his paper at some subsequent session of this Conference.

GOVERNOR CAREY—I regret very much that I was not present to hear the announcement that the paper was to be read *at this altitude*. I am not very certain now that I should like to read it, but if it is necessary to read it, I will do so.

CHAIRMAN DUNNE—It is the understanding if you do not read your paper, it will be incorporated into the proceedings of this Conference.

GOVERNOR HODGES (of Kansas)—Would it not be well to have Governor Carey read that tonight at our executive session? I would very much like to hear it. It is a matter we are all interested in. I make that as a motion.

GOVERNOR BALDWIN—I second the motion.

The motion was put by the Chairman and was declared carried.

GOVERNOR SLATON—I would like to ask Governor Baldwin how it would be in the case of a man engaged in the newspaper business, when he came to check the amount of expenditures, how that practically could be done?

GOVERNOR BALDWIN—Mr. Chairman, sometimes they nominate a man who is engaged actively in the mercantile business and he gets out of it. Sometimes he gets out before he is nominated, in order to be nominated. I would suggest, in the case put by the Governor of Georgia, that he would have to sell his newspaper, if these notions which I suggested as possible, should be adopted as practical.

GOVERNOR SLATON—I want to ask the Governor this, inasmuch as he has given so much attention to the matter and has illuminated so much of the question: If you wish to eliminate the influence of individual wealth, it would become absolutely necessary that the man who is going to be a candidate for office shall not invest in a newspaper or own stock in any to the extent of controlling it, because that would give him unconscionable ad-

vantage, and I do not see how, practically, you are going to get rid of him.

GOVERNOR BALDWIN—Suppose, Mr. Chairman, you had a law that no man shall hold the office of Governor, or any other high office, who was interested in the publication of a newspaper publishing comments on the campaign, whether interested as a shareholder, an officer, an employee or a director?

GOVERNOR SLATON—Or related to one. What I am getting at, Governor—then you would say that a certain class of people should not hold office at all, except at a sacrifice of the interests that they had?

GOVERNOR BALDWIN—That is right, that is right; that is just what we do with the Secretary of the Treasury.

CHAIRMAN DUNNE—Any other gentleman who cares to be heard?

GOVERNOR COLQUITT—Mr. Chairman, I never had the honor or pleasure of knowing the Chief Executive of Connecticut until this Conference, but from my knowledge of his reputation I have a very exalted opinion of his views on public questions. As I understand his paper, however, he advocates the government assuming the cost of the campaign expenses of candidates for public office?

GOVERNOR BALDWIN—Hardly. He thinks it possible, that it may come to that.

GOVERNOR COLQUITT—But that is the ultimate purpose of your argument, as I understand it. Now, in States of condensed territory and population, like Connecticut and Rhode Island, there a strong, vigorous candidate for Governor, like those who have to run in Texas, could campaign each of those States in thirty-six hours, and meet and talk to all the voters that come out to hear him, in that length of time.

In Texas, last summer, another gentleman and myself contested for the Democratic nomination, for ninety days. Without ceasing, I made from three to seven speeches a day, averaging in length from thirty minutes to two hours and a half, on my feet from four and a half hours to eight and one-half hours six days in the week. I traveled in automobiles sometimes one hundred and forty-five miles a day and made from four to seven speeches, and addressed, maybe five hundred to fifteen hundred

people in each audience. Now, will you require the State of Texas to pay the automobile hire, or would you provide the candidate with an ox-wagon?

GOVERNOR CAREY—It depended upon whether or not you wanted to win.

GOVERNOR COLQUITT—That I am not willing to leave to any other person to decide, because my enemies in Texas would have required me to travel in an ox-wagon, or walk, and I wouldn't be through yet.

Now, we have a great many ideals, Mr. Chairman, in government. I am one of those old-fashioned citizens of the country who still have faith and confidence in the theories of government as advocated by George Washington and Thomas Jefferson and Abe Lincoln. Now, if you can regulate the footsteps of a candidate for public office, why should you not undertake to regulate the footsteps and each transaction of the man in business? Are public men untrustworthy? Are candidates for office not to be believed? When you get before the people as a candidate, you present public questions. As a rule a candidate is an advocate of principles and of public policies that either make for the good or bad of his people. Natural ambitions come in; but now you take conditions, not theoretical propositions. Take the State of my distinguished friend from Connecticut, of something over—how many square miles have you, I forget?

GOVERNOR BALDWIN—Something like four or five thousand.

GOVERNOR COLQUITT—Something like six thousand, as I remember it. The State of Texas has two hundred and sixty-five thousand square miles.

EX-GOVERNOR GILCHRIST—All populated?

GOVERNOR COLQUITT—Yes, sir, it is either populated with people or cattle, but Texas has four million human beings.

Now, as I understand, these things are upon the theory that the State should assume these expenses. How much expense are you going to have the State assume? In a legislative district composed of the city of Dallas, with a hundred thousand population, electing three members to the House of Representatives, are you going to prescribe the same expense for a candidate for the legislature in the city of Dallas as you prescribe for a mem-

ber of the legislature coming from the Panhandle, with an area in his district as large as the State of Illinois, almost? We have State senatorial districts in Texas over six hundred miles long! Are you going to prescribe the same expense for a candidate in that immense area? How are you going to make it practical? Take a candidate making a four months' campaign for Governor, are you going to prescribe he shall not spend any more than a man who makes a campaign for thirty days? You will get into a labyrinth of impracticability, it seems to me, and the whole thing and much of these theories are based upon the idea that we are all perfect and ready to fly from Mount Manitou straight on up.

EX-GOVERNOR GILCHRIST—You came up on an incline plane.

GOVERNOR COLQUITT (continuing)—I used to be a Methodist and I still believe in the doctrine of falling from grace and having a chance to get good again. Now, we have fallen from grace in government a good deal, I believe, in this country, trying to adopt theories and apply those theories to imaginary conditions, and many of our ills that we complain of are imaginary. In my opinion, what we need in this country most is to get back to the original doctrines of our government.

Of course, Andrew Jackson and Thomas Jefferson rode to Washington on horseback and hitched their horses and got off and walked into the capitol and delivered their inaugural addresses, but now our successful candidate for President is perhaps taken in a palace car, on a special train. Of course, that represents the development and progress of the country. Now, what policy, along this line, are you going to adopt now? I am going upon the general proposition that what is going to be suitable to Wisconsin will at the same time be applied to Texas.

EX-GOVERNOR GILCHRIST—I would suggest that they wore better clothes than they used to wear in Thomas Jefferson's days.

GOVERNOR COLQUITT—I want to say to my distinguished friend from Florida (who is a bachelor), the first time I ran for Governor of Texas I had as one of my principal opponents a bachelor. I told him, facetiously, of course, that I favored the passage of a law by the legislature to force every bachelor to be married or keep him from running for Governor. Of course,

I had some selfish purpose in that, and I have a good mind to make a motion to compel the members of this Governors' Conference to be married before they leave Colorado Springs—I don't know whether they will have to procure a license or a marriage contract, but I am willing to pay the cost of each one of them and, with the assistance of the Governor of Colorado, perform the ceremony. If I were in Texas I could do it alone.

Now, as the chief executive of Connecticut was talking, this idea was running through my mind. Down in Texas we have started a good many reforms, and I am persuaded they are conservative reforms in most instances. We started a most effective regulation of railroads, with a railroad commission. We started the regulation of the issuance of stocks and bonds, and control and limit the amount to the reasonable value of railroad property. We started really the propositions to have uniform primary elections and nominations by uniform primaries. I was one of the original advocates of uniform primaries, but it is impractical and it is impossible, as I see it, for the State of Texas to take charge of the candidates for public office and pay all their campaign expenses out of the public treasury.

GOVERNOR HAINES (of Maine)—Don't they pay any of them now?

GOVERNOR COLQUITT—We have a million qualified voters in Texas, and no man, under the constitution, can vote unless he has paid his poll tax by February of the year preceding the time when he proposes to vote; and that limits the number of qualified voters to approximately six hundred thousand. There is something like four hundred thousand of these who vote in the Democratic primary, and, at the general election, when the man is actually selected to public office, there are probably one hundred and fifty to two hundred thousand votes cast by all political parties.

The first time I was nominated for Governor, the vote in the Democratic primary was over four hundred thousand, and I had a Prohibition candidate against me, and a Socialist candidate against me, and a Republican candidate for Governor against me. At the general election the Socialist candidate received something like ten thousand votes; the Prohibition candidate eleven thousand votes and the Republican candidate

twenty-five thousand votes, and I received one hundred and seventy thousand votes.

GOVERNOR CAREY—How much did you count your majority then?

GOVERNOR COLQUITT—Now I want to say this—so far as the politics of Texas are concerned, we practically have but one party, but we have more political parties in Texas in one party than you can count. All of our views and all our meanness is thrashed out before our own party primaries, and if we are convicted of doing wrong in the primaries, or before the primaries, the man who is nominated is acquitted at the primaries, and therefore it is impossible for the Republicans, Socialists or Prohibitionists to convict him afterwards.

Down in Texas we go and hire stenographers, rent rooms and send out circular letters to each voter. We get a poll tax list and we do the printing and pay the expense.

Governor Baldwin, if you are going to take charge of this expense, the thing to do, to give the poor man, as you say, an equal chance, is to prohibit the expenditure of any money at all in the campaign, except the actual, necessary expense of the candidate himself, which would be involved in his railroad fare and his hotel bills.

In Texas we are required to file a sworn statement of the amount of money contributed to the campaign committees and expended by such committees, and by each candidate. Then we are required to file a sworn statement of the expenses incurred by each candidate—how much his campaign committee paid for postage, how much paid for printing, and how much for this and how much for that. Then the candidate himself is required to file a separate statement of his personal expenses, consisting of traveling expenses, hotel bills, railroad fares, hack hire and automobile hire, and things of that sort.

Now, last year, speaking of a matter I have particular knowledge of, and not desiring to be personal to myself, the campaign expenses of my campaign committee were something over sixteen thousand dollars. As I told you, I traveled eight thousand miles in Texas in ninety days, in an automobile, and ten thousand miles on a train, and the expense of that traveling was shown in an itemized statement, and the total personal expense account of

myself was only a little over five hundred dollars; and yet the headquarters that sent out the literature and paid the postage, paid out four thousand dollars for postage, and four thousand dollars for printing. How are you going to limit your printing? Are you going to limit the number of letters we shall write, or the number of circulars we shall send out to friends and charge them up to the State? You would bankrupt the State of Texas! You may have a full treasury in Connecticut, but you would bankrupt Texas on such a proposition.

Now, Mr. Chairman, in these theories, it occurs to me, we are trying to assume an attitude of perfection when there are none of us perfect.

I heard the gentleman in charge of these arrangements say, a little while ago, that we were expected to ride a donkey along here today. I was just wondering whether there were any moose or elephants down here that any of us could take passage on, and I was going to ask you the question whether, in regulating the expense account, you would limit the size of the donkey's picture, or the elephant's picture, or the moose's picture. We are getting into a labyrinth of difficulties here, it seems to me, in trying to take charge of these details, but I think a bull mooser, or an elephant candidate or a donkey candidate should take care of these expenses himself, and there should not be any payment of them by the State. Let the law limit them, if they want to. The Texas legislature passed a bill providing for the election of United States Senators, and it limits the amount of money that a candidate for United States Senator may spend himself, to five thousand dollars. That may be in conflict with the Federal act on that question, which I believe allows him ten thousand, but I dare say that any man running for Governor of Texas would be glad to be relieved of any expense at all, but the people are not going to take charge of that expense; and it seemed to me, Mr. Chairman, when I was sitting here listening, that we were seeking solutions of problems which do not really exist; but I believe that the people of the United States today are more intelligent and are more honest than they were fifty years ago; and yet we are proposing to do the very thing that indicts every man with a laudable ambition as being a criminal at heart and in purpose, at least, isn't that true?

That is the objection I have. We are seeking to be perfect when we know there is no perfection, and if I could have everything exactly right, I would get a pair of wings that would bring me to Colorado Springs every other day when the weather is hot in Texas. (Applause.)

GOVERNOR CAREY—I will ask the Governor of Texas who put up the sixteen thousand dollars he speaks of?

GOVERNOR COLQUITT—I put up nine thousand dollars of it and my friends put up the balance.

GOVERNOR CAREY—The friends that put it up undoubtedly expected office from you?

GOVERNOR COLQUITT—No, sir, not a single one; none of them asked, and none of them obtained one.

GOVERNOR CAREY—In theory, do you not think it right, since you were elected Governor by the people of Texas, that the people of Texas should bear your expenses? You are entitled to your salary. You are entitled to your pay for the labor you perform for the people of Texas, and this contribution of money prevents a fair election. In your State it is only a contest between men of the same party—between Democrats. This sixteen thousand dollars of expense—was that the expense of the primary, or the expense of your regular election?

GOVERNOR COLQUITT—That was the expense of the campaign for the Democratic nomination in the primary election. My opponent spent twenty-one thousand dollars—he and his friends.

CHAIRMAN DUNNE—in Texas there are practically no expenses for the Democratic party at the final election.

GOVERNOR COLQUITT—That was in the Democratic primary, I am talking about. That was one of the things the Governor's paper recommended. I didn't spend a cent after the primary and before election.

GOVERNOR McGOVERN—What is the salary of the Governor of Texas?

GOVERNOR COLQUITT—Four thousand dollars per annum.

GOVERNOR McGOVERN—What is the term of office?

GOVERNOR COLQUITT—Two years.

GOVERNOR McGOVERN—How were you able to expend sixteen thousand dollars?

GOVERNOR COLQUITT—I couldn't afford it.

GOVERNOR CAREY—You have lost one thousand dollars during your term of office, and had none to live on, after having expended nine thousand dollars of your own.

GOVERNOR COLQUITT—I am going to tell you the facts about it. I didn't run for Governor of Texas for the fun of running. I ran for Governor because I believed I could do something for the good of the State of Texas, and for the honor that was in it, because I wanted the distinction that it conferred upon me; and a man without ambition ain't worth much.

GOVERNOR CAREY—There are lots of men in the State of Texas who are ambitious and whose ideals are just as high as yours, mine, or those of any of the Governors present, and they have just as much ability as any of us.

GOVERNOR COLQUITT—Perhaps more. I grant that.

GOVERNOR CAREY—Among four million people, what are you going to do with the man who hasn't the nine thousand dollars to put up?

GOVERNOR COLQUITT—He is not debarred from running.

GOVERNOR CAREY—How is he going to run?

GOVERNOR COLQUITT—Run like I did—borrow what he lacked cash.

GOVERNOR CAREY—I want to congratulate you. Could you borrow it, as has been suggested, without any security, on the strength of being elected Governor?

GOVERNOR COLQUITT—Oh, I didn't have all the money to start in with, but I had a little bank stock, and I pledged that bank stock, where it was asked for.

GOVERNOR CAREY—Lots of people in Texas don't have the bank stock, but they would like to be Governor.

GOVERNOR COLQUITT—I am speaking now from experience, and you might all well be honest with yourselves, and every man in the country might be honest with himself—every man in the country would like to be Governor of Texas, but I don't know whether they would want to be Governor of the balance of the States or not. Every man in the country don't think he is the man to be Governor and don't have time to run, and some don't have the price to make the campaign. It takes more than money to run for Governor. A man has got to have some brains and some fitness to lend himself to run; and if he has not got them, he

might take all the money in the universe and couldn't be elected Governor of Texas with it. My opponent for the Democratic nomination spent five thousand dollars more than I did and he was defeated. I ran for Governor three times. The first time I was defeated by the man, it so happened, who spent the most money in that election, but nobody charges that he bought his election. The legitimate expenses of running in a State like Texas are enormous, but there was no corruption. Nobody charges corruption in the Democratic primaries of Texas. No man, except the voter himself, is allowed to have the handling of the ballot he casts. A candidate's friends are not permitted to take voters to the voting box in a carriage; they must go themselves. I believe in regulating the election. If a man spends money corruptly, if any of the sixteen thousand dollars that was spent in my behalf had been spent to buy a vote, the man who expended it for that purpose has committed a penitentiary offense.

EX-GOVERNOR GILCHRIST—Suppose you gave a man five dollars a day for twenty-five days to work for you, isn't that buying his vote?

GOVERNOR COLQUITT—You may have those kind of fellows in Florida, but we have done away with them in Texas. The election grafted in Texas is practically a thing of the past. A man who has to deal with grafters might as well surrender and quit the race.

CHAIRMAN DUNNE—I understand the management is very anxious that we get through as early as possible. Is there any other gentleman here who desires to be heard before the discussion is closed?

GOVERNOR McGOVERN—I should like to say a few words only. I realize how precious the time is. To my mind, two matters are involved here. First, are the principles Governor Baldwin so ably stated right and proper as matters of political ethics? Secondly, are the plans he proposes practicable? While we may have speculated in the past as to how much it cost to elect a United States Senator from Colorado, or from Illinois, or from Pennsylvania, or from California—

A VOICE—Or from Wisconsin.

GOVERNOR McGOVERN—Or from Wisconsin—we know now how much it costs to elect a Governor in Texas; and I want to say this, without elaborating it, that I am unable to think of any influence in the public life of this nation today, or of the State, or its municipalities, more baleful and pernicious than the influence of money in elections. (Applause.) And I submit, without further argument, but simply appealing to the experience of all and the plain facts of current history to bear me out that from the Atlantic to the Pacific during the past ten years, during which time common councils, county boards, State legislatures and federal officers have been corrupted through the influence of money, that there can be no doubt among intelligent men as to the propriety and correctness of limiting this demoralizing influence if we can. Now, in regard to the State bearing part of this expense it seems to me the question is determined by the answer we give to this inquiry: Is a public officer a public servant, or is he not?

Should the office seek the man, or should the man seek the office? I adhere to the old idea that public office is a public trust, that the office should seek the man, and that when Smith announces himself as a candidate for public office, not he alone, but every man in the commonwealth is interested in knowing what his qualifications are and what his record has been; and this being so, it is only right and proper that the public should pay part of the expense incident to placing this information before the voters.

So now, upon the question of the correctness of the principles involved, I agree fully with Governor Baldwin, and I admire his able presentation of the matter. Are his plans practicable? Let me say briefly, we are trying them out in Wisconsin. We have done so for years. We find that they are entirely practicable and wholly successful. You can raise objections to anything, and you can multiply obstacles to your heart's content, but the final test is found in the results of experience. The proof of the pudding is in the eating. Go to those States that have corrupt practice acts, go to those States that have pamphlets of information to voters, and see how these systems work; see if you can find a public spirited, intelligent, broad-minded man

who has any objection to them. I don't believe you can. (Applause.)

LIEUTENANT-GOVERNOR WALLACE (of California—Mr. Chairman: I may mention that I am one of the only two Lieutenant-Governor in attendance upon the Conference. I come from California, which State has been mentioned. I would like to call Governor Colquitt's attention to the fact that he is to be congratulated on getting back so much of his campaign expenses—eight thousand dollars, when he only expended nine thousand, while his opponent for the office of Governor spent twenty-one thousand and did not get back eight thousand, or any other amount.

I call the Governor's attention to the fact that in California the Lieutenant-Governor gets four thousand dollars a year, but he spent seven months in campaigning in that State, and not three and one-half or four months, as you did, and Governor Johnson, who ran at the same time for Governor, spent more money and more hours a day than I did, and made vastly more, and I will admit, better speeches. But so long as we are democratic in our institutions, so long as we recognize the poor man as having equal rights at the polls and in the State with the rich man, we ought to do something to help the poor man as well as the rich man pay the expenses of a campaign; but you cannot have that democratic ideal carried out unless the poor man, the laboring man, who may not be really poor, but the laboring man who cannot afford to spend his nine thousand dollars and who has no bank stock to sell as the Governor of Texas had, but yet has a perfect right to run for Governor in his State and yours, it is our duty, as a State, in some way to work out this difficult problem and find some method of helping financially any man to run for Governor, be he rich or poor. Consequently the principles Governor Baldwin enunciates in his paper today are principles we all welcome, and if there are difficulties, as there are in your State and mine, we will overcome those difficulties and find a solution for them and become more genuinely democratic than we have been. (Applause.)

GOVERNOR AMMONS—I would like to ask Governor McGovern a question. He made the statement that the people had a right

to the information concerning the candidate and that the State ought to pay for that. Now, then, who makes up this list of information?

GOVERNOR McGOVERN—In our State it is made up in a pamphlet published by the Secretary of State.

GOVERNOR AMMONS—Who writes it? Who prepares it?

GOVERNOR McGOVERN—The candidate, or the campaign committee of the candidate, prepares the material, and it must be sworn to, and these sworn statements may be made the basis of perjury prosecutions, just as false testimony in court may be made the basis of a perjury charge. The candidate is required to pay part of the expense of the printing. It cost him three hundred dollars for the first page and one hundred and fifty dollars for each succeeding page not, however, to exceed a certain number in all. His opponent has a right to insert a correction, which must likewise be under oath, and for the truthfulness of which he also is responsible in the criminal courts, if it be false.

GOVERNOR AMMONS—How do you get around the matter of expression of opinion, one way or the other?

GOVERNOR McGOVERN—They are not permitted to express opinions.

GOVERNOR AMMONS—Just simply a statement of facts?

GOVERNOR McGOVERN—Yes, sir.

GOVERNOR AMMONS—Now let us go from the pamphlets to the newspapers, how is that part of the campaign conducted?

GOVERNOR McGOVERN—In our State the public defrays none of the campaign expense, except the cost of printing and circulating these campaign pamphlets which go to every voter of the State.

GOVERNOR AMMONS—But the newspapers say what they please; is that true?

GOVERNOR McGOVERN—Yes, sir.

GOVERNOR AMMONS—And a man's friends, interested in the outcome of his election, can spend as much money as they please, in any way they please, in the newspapers?

GOVERNOR McGOVERN—No; they can not. Every paid election advertisement published in a newspaper is labeled "political advertisement."

GOVERNOR AMMONS—Suppose the paper does that editorially, without advertisement, how are you going to find out whether or not there is any inducement there, or what interest the newspaper may have in the selection of a particular man for political preferment—how are you going to regulate it?

GOVERNOR McGOVERN—We regulate it in this way: under our corrupt practice act, each candidate and political committee must file in a public office a sworn statement showing in detail the campaign expenses of the candidate or committee, and in this statement will appear all items paid to newspapers or other publications.

GOVERNOR AMMONS—But hasn't it been your experience that some of the worst attacks have been made upon candidates, and some of the most extravagant praise bestowed upon candidates, under circumstances or in a manner in which you could never attack it under this system—without any money being transferred?

GOVERNOR McGOVERN—Governor Ammons, what you say is perfectly true, but such publications are entirely harmless. The editorial columns of the average newspaper have but little influence with the people. Besides, as a rule they are open to all and the editor treats all fairly; otherwise his newspaper will not long have much influence with the electorate. As to the political organ, which is given to abuse of one set of candidates, and undue praise or exaltation of other candidates, whatever influence it ever had has long been lost, and the public invariably discounts its statements. I have never known anyone to be seriously injured by bitter editorial or newspaper attack, or to be very greatly benefited by fulsome praise in the way you indicate.

GOVERNOR AMMONS—Mr. Chairman, I don't wish to take very much time on this. All of us may have had some experience. I have read a book on the Wisconsin idea and there are many good things in it. On behalf of Colorado, I would like to borrow from Wisconsin this condition in which the papers would have no influence when they said anything unjust to the candidate.

GOVERNOR COLQUITT—I would like to take it and have it copyrighted.

GOVERNOR AMMONS—Many things have been said on both sides which appeal to me very much on this question of why we run for office, anyhow. It is certainly not for the money. Some of us are finding it very difficult to afford to stay in office, even if it never cost us a cent to get the position, and I may not be the only one in that class. In this State, where we have a double campaign, it is a very difficult matter to determine whether the primary or the after campaign is the more difficult one to make. No human being can predict, from one campaign to another, what influences will arise to govern the following election. It is a certainty that whoever makes the race for Governor, or for Congress, or for United States Senator, or for any other important position in the State, and in every legislative district in it practically, he has a hard race to make, no matter upon what party ticket he may run. That may be agreeable to us, that there is this independent spirit in Colorado, and it extends to every legislative district and to every county in this State; for there is scarcely a county in Colorado, however strongly it may be Republican, however strongly it may be Democratic, where there is an entire ticket ever elected.

I lived in a county where it was two to one for nearly twenty-five years, and in all that time there never was a complete straight ticket elected, and unless the nominations are absolutely satisfactory personally, there never could be. That condition is going to be made more emphatic now, under a system where you cannot vote a straight party ticket, except by going down the list and selecting your candidates from top to bottom, because the people of this State have voted the pure Australian ballot without a heading, whereby a straight Democratic or a straight Republican or a straight Progressive ticket cannot be voted by merely writing in a party designation. We have two campaigns; they are practically equally expensive in this State. My campaign began on the eighth of August with the assembly or convention feature, which we still have in our primary law; and from that time until now, I have been able to get home about four times. The candidate is under a heavy expense all the time, and his personal expenses, no matter how honest he may be in charging them, are certain to be enormously heavy

during that time, compared with any business in which he might be engaged.

These are very serious problems. I listened to Governor Baldwin's paper with a great deal of interest. We have conditions not quite so severe as Governor Colquitt's down in Texas. We have more than a hundred thousand square miles and you must make a canvass over the State, and the people will have nothing to do with a man who will not take the time and trouble to do it—the people will not vote for him and he has no more show of an election than to get to heaven in a minute. I would like to see some way by which these legitimate campaign expenses can be met, but I will tell you you can never do it, in my opinion, so long as present conditions exist, unless you either banish the candidates from the State or lock them up in the penitentiary, or somewhere else, from the time their names are mentioned until the election is held. Even if you do that, your friends will be just as influential, and how are you going to regulate their expenditures? I do not know. In a small way I have worked for a friend in election, many a time. I didn't give him any money, but I have gone out and paid election expenses. I think I have tried to be as discreet and as honorable in the conduct of political campaigns in which I have engaged as any one. I have endeavored to be, but I have contributed money about which that candidate never knew. Some of us are pretty enthusiastic at times. Some of us are enthusiastic Republicans. Some of us, these days, are enthusiastic Progressives, and we want our side to win, and as we get into these campaigns we all go out and contribute time and money. Although a candidate does not spend a cent, there still will be large sums of money expended in his behalf.

Concerning the matter of newspapers, if I am running a newspaper and am an ardent Republican or Democrat, I am going to support that ticket as well as I can; I will say everything good for it that I can. It is human nature—and I will go after the man who says anything on the other side. They are influences, and as reliable as you may imagine these newspapers may be in political life, they will send out unreliable information in campaigns, and they do cut ice. A man who says he pays no attention to newspapers had better take a week's vaca-

tion and study over the matter. Where do we get our information on which we are basing our opinions on Old Mexico, today, on what is going on in the halls of Congress on the currency bill or on the tariff bill? It is the newspaper which we get in the morning and the afternoon, and we do not, and we cannot, get it from any other source.

It is not the pamphlet in this State which will control elections or any considerable number of votes, but it is the newspapers they are getting out, as I say, morning and afternoon and weekly.

GOVERNOR SLATON—Does not the paid advertisement have some effect?

GOVERNOR AMMONS—The man who puts a paid advertisement in the papers of this State is the biggest political chump who has ever come inside of its boundaries. The moment it is headed as an advertisement, it has lost every particle of influence it had.

We have several big newspapers in Colorado and every one of them has a wide political influence. Each has its certain lines of readers who follow it. It has a particular line of political thought and its readers follow it. We have one man in this State who has run a newspaper for many years; he had been a great political leader and there is a large number of voters in this State, perhaps in many elections quite sufficient in number to determine the result, who will not pay attention to other papers, but will follow that paper confidently; and there are others which have similar influences over our political affairs.

GOVERNOR McGOVERN—Now, conceding what you say is true, are you in favor of throwing the bars down and permitting a man of wealth to buy those papers and their influence and still keep the facts concerning his purchase of them secret?

GOVERNOR AMMONS—No. I am not taking that side of it. I wish to know how you are going to get rid of this great influence?

GOVERNOR McGOVERN—Just by the methods Governor Baldwin pointed out in his paper—by the enactment of a stringent corrupt practice act.

GOVERNOR AMMONS—Take this matter of initiative and referendum. We have had considerable experience with it in Colo-

rado. These initiated and referred bills go upon our regular ballots, and yet we find advertisements that are not read. Measures that affected the people, at this last election, as vitally as all the other laws upon the statute books combined, were not read. Sometimes these advertisements are read, but I tell you they have lost their influence with the voters who are looking for the editorials. This may be very extreme, but, as I say, there is a certain following to these papers. It is not a monied one either. The paper having the greatest influence in this State I don't believe ever has accepted a dollar for the support of any candidate. I don't know how you are going to get at that; yet, I will admit, and I can say it, because that paper always has been friendly to me since I have been in politics—I will admit that many of the statements made in my favor were very much prejudiced, but there are people who will pay attention to them. These are some of the things we wish to regulate.

Mr. Chairman, I did not intend to take so much time, but this is a very vital question and it is one which we can afford to take up thoroughly. Every person interested in the reformation of practical politics probably will be working upon this problem, if our nation shall live, or civilization survive, a thousand years from now, with as many problems to solve as we have today. I honor the men who are trying to solve them. I am not disputing with those who are sincere and honest, but I tell you the first thing you must do, under this modern system of election, is to regulate this influential reading matter that is going before the people; it is the greatest problem of today; but the newspapers of Colorado, if they wish to, can defeat any man in the world, or can elect any man in the world, despite party organizations and every other influence combined. (Applause.)

GOVERNOR LISTER—Mr. Chairman: I believe that the campaign of every candidate for public office is the individual campaign of that particular candidate. Each one has his own particular and peculiar method of handling a campaign. Now, I am one of these candidates for office who did not run for several months for the high position to which I was elected by the people of our State but was elected after a campaign of but three weeks, and I am able to say that I had the support of but

one daily newspaper in the State of Washington during my campaign. Yet I was elected Governor of that State.

CHAIRMAN DUNNE—How many papers are there in the State, Governor?

GOVERNOR LISTER—There are probably fifty or seventy-five daily newspapers in the State. I had the support of one of them located in one of the smaller communities of the State. I worked night and day. I worked something after the plan of the campaign that the Governor of Texas spoke of, but instead of speaking four to six times, I spoke from ten to fifteen times a day. I suppose I broke every speed limit that was ever established in the State of Washington. I saw just as many people as I could possibly see in that State during the short period of three weeks. I advertised in the daily newspapers and I believe those advertisements brought results, while in their editorial columns the papers were opposing my candidacy and supporting the other candidates. That much shows the different conditions in the different States. Starting that fight lasting for the short period of three weeks, with apparently no chance to win, I succeeded in being elected; and I might add to that the fact that my opponent spent ten times as much money as I did in his campaign, and yet that did not have the effect of getting the votes of the people to him.

I believe the best kind of campaigning a candidate for public office can do today is to meet as many people of the State as he possibly can, see them and talk with them, not only from the public platform, but in their business houses and along the streets, and talk with them about measures of State, and those things that they ought to be interested in and will be interested in if the candidates for office talk those matters over with them.

Now, in relation to the matter of the expenses of a candidate, this, without doubt, is one of the hardest matters to be handled; the correct method has yet to be figured out. It has appeared to me, if it were possible to do so, that a maximum limit might be placed on the amount that a candidate for office could expend in his endeavor to secure the office sought, and, if it could be done, it ought also to reach to the friends of that candidate, so that they cannot expend money in large amounts to secure the election of their favorite candidate. But I do believe that the

man who will go out and meet the people of his State and discuss problems in relation to the affairs of State need not be afraid of results, even though the large daily newspapers of his State oppose him in his candidacy. (Applause.)

GOVERNOR BYRNE (of South Dakota)—Mr. Chairman: I regard this as one of the important political problems of the day. For long I held that so long as the expenditures were made for proper purposes only, there was no necessity to limit the amount; but I am thoroughly converted to the theory that there should be a positive limit to the amount of money a man may spend to secure his election to office, because when a man of large wealth becomes a candidate the influence of his money can be applied in so many ways—ways that are not corrupt in themselves—that the man of limited means has absolutely no business to go against him—none whatever.

The case reported by Governor Lister is a pretty good illustration of what newspaper support can and cannot do, and of the fact that a newspaper must have the confidence of the public to exert influence. I remember another campaign in his State, where all of the daily papers, practically, were lined up solidly against a candidate who carried the State, when all the papers of Seattle most energetically opposed this candidate he carried, I believe, every voting precinct in the city.

Now, in regard to this matter of political advertising. The advantage to the public in having advertisements labeled as such is that it can distinguish between paid advertisements and legitimate news or honest editorial opinion. Paid political advertisements are often read as editorials or in the belief that they are legitimate news items. Such should be plainly labeled that the public may know it is paid political advertising, then let it have what effect it may; but it is absolutely wrong to permit such paid advertising to be published as editorials, or as news matter.

Whether the State should assume these expenses, or what part, if any, I have not determined, but I am absolutely convinced that the amount expended should be limited positively and absolutely.

In our State the last legislature passed a law regulating and limiting the gross amount of expenditure, limiting such, I

think—I do not remember exactly—to the equivalent of one year's official salary. It cannot be denied, without going into the question of corruption and without going into the question of buying votes at all, that many of our elections are carried by money, and it is a vital question. (Applause.)

GOVERNOR O'NEAL—I move that we defer the further discussion of this question until after we hear Governor Carey's address tonight, as it is getting late now.

GOVERNOR SPRY—I second the motion.

The Chairman put the motion and the same was duly carried.  
A recess was taken until eight o'clock P. M.

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## EVENING SESSION

The Conference was called to order at 8:25 o'clock P. M., in the Ball Room of the Antlers Hotel, Governor Dunne of Illinois in the chair.

GOVERNOR DUNNE—We adjourned this afternoon with the understanding that at the next session Governor Carey from Wyoming would read his paper on the same subject discussed this afternoon by Governor Baldwin.

### "STATE ASSUMPTION OF NOMINATION AND ELECTION EXPENSES."

GOVERNOR JOSEPH M. CAREY OF WYOMING.

Mr. Chairman and Governors:

It was with reluctance that I accepted the assignment to discuss the question of the "State Assumption of Nomination and Election Expenses." I naturally felt that a Governor of one of the States that had gone far towards enacting laws that decided the affirmative of the question would have prepared a far more interesting address on the subject than it has been possible for me to do.

It is to the credit of most of the States that the public sentiment of the people living therein is such that the legislatures have acted in conformity therewith and have passed laws to some extent eliminating corruption in elections. This legislation has been broad, covering nominations, elections and actions of officers and candidates before and subsequent to elections.

That much has been accomplished to purify the elections cannot be denied. One of the greatest troubles is the failure of the officers, whose duty it is to see such laws strictly enforced, to do their duty.

Probably no one thing has shaken the confidence of those who study our system of government more than the question of the use of money to control elections, and now the question, "From what source should the money be derived that is actually necessary to meet the legitimate nomination and election expenses?" has become a living one.

In government we may not expect perfection or that which approaches perfection. If conditions are bad, we may improve them; if good, we may better them.

For several hundred years the tendency of the Anglo-Saxon has been for better things. The government of Great Britain—a limited monarchy—was the best of all governments at the time the American colonies undertook to organize a government for themselves. The colonies in the commencement were separate and distinct, yet as the years went by they became more alike and in government and character they became one people. They grew rapidly. The first union organized among them in 1754 was a most important step. This was followed by more general unions. The Articles of Confederation made a most significant advance, but they did not create a union sufficiently strong—a government cohesive, offensive and defensive, as the times and conditions required. Progress was made, however, resulting in the adoption of the Constitution and the government under which we live.

When we study this particular period in our history it becomes very interesting, for the reason that each step taken seems to have led up towards the union of the thirteen states and the prospective states that were thereafter to be formed and which were to become a part of a greater union.

Those who builded the government, of course did not comprehend what would be required of it. It was an experiment. The public lands owned by several of the colonies which were included in what is known as the northwestern and southwestern territories, it was declared should be ultimately divided into states and admitted to the Union on the same footing as the original states.

Then came the acquisition of the Louisiana Purchase; the purchase of the Florida Glades from Spain; the acquisition of Texas by annexation; Oregon and Washington by reason of discovery; and the treaties with Mexico by which the United States acquired much valuable territory. We acquired Alaska and since have acquired the land which comprises the Sandwich and Philippine Islands and Porto Rico.

The ordinance of 1787 probably will be quoted as long as the American nation lasts. Framed just before the adoption of the Constitution it shows that those who constructed its provisions were looking out for the best that was possible for those who were to become inhabitants of the states to be created out of the new territory. In the organization of every territory and the admission of every state the provisions of this great ordinance have been observed and followed. In the drafting and adoption of our Constitution there were compromises and concessions which were in some instances somewhat sectional, but the Constitution provided a way for their elimination.

The question of slavery and the questions incident thereto became more fixed than was expected by those who framed the Constitution, and led to the most complex difficulties that had been encountered.

Corruption in politics—however flagrant it may have been—has from time to time at least been partly eliminated. We have advanced and progressed. If we had stood still we know we should not have accomplished a tithe of what we have accomplished, and it is doubtful whether as a nation we would have been in existence.

All kinds of accusations were made from time to time during the ante-Civil War period, it being often asserted when men were elected to office that ballots had been changed or substituted. However, it cannot be denied that since that period good

laws have been passed by the United States and by the several States for the betterment of conditions—social and political—and especially for the better protection of the ballot.

Today is in a progressive period in the history of our country. The declaration of principles by the Progressive party of last year went far ahead of anything that had been heretofore seriously considered. The vote for that party which had no fixed standing and but little effective organization representing these principles, was phenomenal. A profound impression was made upon the country. Many of the declarations are live questions and the old parties are hastening to accept and adopt many of them.

From time to time the policies of Jefferson and Hamilton are quoted. The works of these men have been eulogized to the heavens and they have been criticized without mercy. The one represented a strong centralized government; the other a government more democratic and of individual States. They both were right and they both were wrong. If the theories of Hamilton had prevailed, the tendency of the country would have been towards a republic—limited almost to the condition of a limited monarchy. If the theories of Jefferson had prevailed, we probably should have been a democracy with few limitations.

The political parties worked out the opposite views until there has been such an assimilation that today all the people stand on about the same platform. Very frequently we find that a man who calls himself a "Hamiltonian" defends many of the principles promulgated by Jefferson; and the same may be said of those who believe in Jefferson's ideas—they work around to the Hamilton side of the question. Actual experiments and conditions have fortunately made us one people in thought and convictions.

That this government has approached a strong centralized government cannot be denied. The Democratic party, which has leaned strongly to the principles of Jefferson, now votes readily in favor of police duties in States by the United States, and is rapidly taking possession of many powers in the States that it formerly contended belonged only to the States.

The question arises, "Has that which has been done more nearly perfected our system of government?" I believe it has.

I believe the agitation going on in all the States, north and south, east and west—while grave mistakes have been made—in the end will result in better conditions, in a less expensive government and a more satisfactory government for the happiness of all the people.

Before the Civil War the ballot was corrupt. There were but few barriers against its being corrupt. The politician and seeker of office made his own combinations and in some States printed his own tickets. There were few, if any registration laws. The test at election was to get the votes. The result of an election as a rule did not impress any great principle upon the country, but influence, promise of office and expenditure of money often determined Presidential elections, as they determined elections in many of the States.

Finally, registration laws were enacted. They did great good. Since the Civil War the Australian ballot, which had its origin in Australia, has become a great factor in many of the States of the Union. In the beginning the conservatives were against it, exclaiming that the old way was good enough. The plan was tried in the English colonies and we soon found England in part adopting it. Now there is scarcely a State in the American Union but what at elections balloting is done under some phases of the Australian ballot system. The nearer the original system as given to the world by Australia has been followed, the better and more satisfactory have been the results obtained.

A new people can pass new laws embodying new ideas; a new people are not wedded to the old order of things. For that reason many of the new States from time to time have inaugurated measures and tried them out. These are copied by the older communities and States. Not only laws bearing upon the ballot system, but laws bearing upon many other subjects are being worked out in the West. The Australian ballot has proved very successful and we need no other proof of this than the fact that its principles have been accepted by many of the States. No one today would do away with its provisions except him who would countenance corrupt elections and thereby defeat the will of the people. However, it has not entirely cured the evils which led to its adoption, and the question is being asked by reformers and others having the best interests of the State at

heart, "What more can be done to improve conditions?" In other words, the attainment of political preferment on an equality among all conditions of men who are worthy of such preferment.

Men are often nominated for office by a party because they can control many men employed in their business, or because they may donate large sums of money, or are in such influential positions as to obtain large contributions of money from other people or certain special interests or corporations.

This has led up to the question of the control of direct primaries so that a direct primary may be conducted with as much care and sacredness as the elections that elevate or defeat a candidate for office.

In some of the States the direct primary has been adopted. They are now going so far in some of the States as to say there should be Presidential preferential primaries where everyone may have the privilege of expressing his preference for the one he desires to be nominated for the high office of President, that the nomination should be free from political control. In other words, the people themselves should determine who should run for that high office. These questions are in process of being worked out to conclusions.

The further question arises, "Should the State assume all the expenses of nomination and election?" Of course, strong arguments may be used on both sides of this question. Perhaps the old system and the objection to that system, as well as the objection to the new system, should be carefully considered.

It costs money to conduct elections; it is expensive to conduct campaigns, even those not tainted with a semblance of wrong. Nearly everything that is done in connection with elections is expensive; somebody must pay the bills.

To have a perfected system would require years of practice and experiments. The influencing of elections, either with money, promises of office or preferment of any kind, should be prohibited by law, even if it should be necessary to enforce such laws with penalties as severe as those inflicted in the case of treason.

The man without financial means should have the same opportunities to be elected to public office, if qualified, as the man

of great wealth. The man without family influence should have an equal chance with the man whose birth was high and who has the influence of family.

As I have said, if it takes money to conduct a campaign and to make a showing of the qualifications of a candidate, this, I believe, is a proper expenditure for the State or the nation. Every effort to use money or to bargain with the prospective officer before election should be held in abhorrence by every man and woman of the republic.

Supposing it costs the general government twenty millions of dollars in each quadrennial presidential election. Considering that the ordinary expenses of this government have reached the enormous sum of a billion dollars each year, an expenditure of twenty millions of dollars would be well expended if elections could be purified, and the President of the United States, when elected, should be the choice of the people and be under no obligations whatever to anyone for the amount of money which a presidential election costs.

Under the present system if it takes so much money to pay the expenses of candidates for office in a State, why should not the money come out of the State? Under the old system—which it is hoped may be entirely eliminated—the cost to one who runs for an elective office too often amounts to a sum equal to the full salary allowed by the office; often two or three times the salary. The recent contest cases in the United States Senate show that the practice of assessing candidates through the political committees is ruinous to a man of ordinary fortune. If he has not the fortune to be drawn upon, the money is solicited or voluntarily offered by those who expect to be actually benefited to a greater amount than the money that is contributed, either through the passage of favorite laws or the securing of favors under existing laws. No doubt money is frequently given without expectation of return, either directly or indirectly, but such gifts are the exception to the rule.

Can a system be perfected which will remedy these defects in our present system—defects which are expensive, which are wrong, and which dishonor the nation and the person who is elected or defeated to public office, and which disgrace the one who has indirectly benefited thereby? While there cannot, in

human things, be anything absolutely correct and perfect, the greatest evils may be eliminated. I cannot think otherwise than that all good government must advance; it must have the power in itself to remedy all wrongs. Things that are material and that need the application of certain principles require years often to bring about their perfection. Nothing better illustrates this than the machinery used in all branches of industry.

It has been well said that the means of transportation on the land and on the sea had but few improvements from the time that Julius Caesar invaded Gaul up to the commencement of the last century. The discovery of the uses of steam through perfected machinery completely revolutionized the industries of the world during the last century. In nothing was there greater improvement or greater development than in the machinery used in agricultural development.

The few years that have passed in the present century have worked wonders in the use of electricity. Improvements have been made in the use of products of petroleum, especially gasoline, to generate power, to make locomotion easy and to simplify manufacturing—more than was ever contemplated by the most enthusiastic genius in history.

If man is so all-powerful in material things, why should not right thinking men and women be able to work out great social and political problems and bring our system of government up to the high standard for all that is good for men and women, thereby reducing all kinds of corruption and all kinds of favoritism in political and social life?

I believe in order to make the American system of government as near perfect as possible, one of the very first things to be done is to render it entirely unnecessary for the candidate for office to spend the money belonging to himself, to spend the money belonging to his friends, or to accept money from those who would contribute with the expectation of receiving in return the value of the money contributed.

We live under a dual system of government, though the powers at Washington do not always think so. The governments in which we are most interested are those of the States in which we live. Our lives, liberty, character and property are under the protection of a State. If any of these are injured or affected we

look to the laws of the State for redress. The powers of the general government are great, but not many. The general government, of course, regulates the mails, it regulates commerce between foreign countries and the States, makes treaties with foreign powers, coins money, maintains an army and navy for the defense of the country, and guarantees every State a republican form of government. If we enumerate all the powers of the general government we find they are limited. Our great dependence is upon the respective States.

Every attempt upon the part of Congress to legislate for the general control of elections has been strenuously resisted, and the general government, up to this time, has gone but a short distance for the complete control of the election of President, Vice-President, and United States Senators and Representatives. The election laws of the individual States govern, with few limitations.

The tendency, however, with the general government, as well as with the States today, is to purify elections, to limit the expenditures of money, and especially to give publicity to all contributions and expenditures used in the conduct of elections.

In availing myself of the information at hand I have been surprised to find to what extent several of the States have gone in passing corrupt practice acts covering many phases of elections, specifying what shall be contributed and what shall be legal expenditures. These laws usually provide for what the money shall be expended, as a rule embracing the personal expenses of the candidate, the expenses of conducting meetings for the discussion of public questions, cost of postage, telegraphing, advertising, and the expenses of campaign headquarters; also the manner in which contributions shall be made. Some of the States have laws forbidding contributions by corporations or the acceptance of such contributions.

As early as 1876 Congress framed a law forbidding the executive officers and employees from requesting, giving or receiving from any officer or employee of the government, any money or thing of value for political purposes. Since that time several acts have been passed bearing upon the same subject; notably the law of Congress of January 6, 1910, regulating publicity of contributions, and so forth. Indeed, a great interest is being

shown, both by Congress and by the legislatures of the several States, with the view of further protecting the ballot.

President Roosevelt, as early as December 7, 1907, in an annual message, said: "The need for collecting large campaign funds would vanish if Congress provided an appropriation for the proper and legitimate expenses of each of the great national parties, an appropriation ample enough to meet the necessity for thorough organization and machinery, which requires a large expenditure of money. Then the stipulation should be made that no party securing campaign funds from the treasury should accept more than a fixed amount from any individual subscriber or donor and the necessary publicity for receipts and expenditures could without difficulty be provided."

The purpose was ahead of the times; it was radical and was criticized favorably and unfavorably. A mere mention of the fact then has now become a living issue before the American people.

President Taft in speaking on the question of publicity in his annual message on December 7, 1909, said: "I urgently recommend to Congress the laws passed requiring the candidates in elections of members to the House of Representatives, that those in charge of their candidacy and campaign file in a proper office of the United States government a statement of the contributions received and expenditures incurred in a campaign, and that similar legislation be enacted with reference to all other elections within the control of Congress."

It appears, therefore, that both of the questions—publicity by the candidates and whether or not the expenses of primaries and elections should be borne by the government—are being earnestly considered.

In the campaign of 1908 we recall that a great deal was said on the subject of publicity, and in the reports made—which were then voluntary—the Republican National Committee reported contributions of over one million of dollars, and it was also acknowledged that there were collected in the several States by finance committees of that same party and turned over to the committee, over \$600,000. The Democratic National Committee announced large contributions, but not so great as those of the Republican party.

It has been claimed that far less money was expended at that election than was expended at either of the two previous ones. Whether this is true or not we do not know. It all led to the subsequent action taken by Congress requiring certain published statements by committees and by candidates for the office of United States Senator and Representative, giving the amount of contributions received and expended.

At first the opposition to contributions seemed to be to those made by corporations, and on this subject, as early as 1894, Elihu Root, speaking before the New York Constitutional Convention, favored an amendment prohibiting contributions by corporations. He said: "It strikes at a constantly growing evil which has done more to shake the confidence of the people of small means of this country in our political institutions than any other practice that has ever prevailed since the foundation of our government."

Certain States—notably Florida, Tennessee, Nebraska and Missouri—soon thereafter took up the matter and passed laws which absolutely forbade gifts from such sources for political purposes. These States have been followed by a number of others enacting laws on the same line.

The question under discussion is a very important one. We believe it will be solved and that the legitimate expenses of elections will yet be met by the general and State governments. Public sentiment is rapidly controlling in the matter. The kind of legislation needed will not accomplish everything. It is not possible entirely to eliminate corruption; yet it can be reduced to the minimum by proper State and United States laws, assuming they would be enforced. There are many things that will have to be contended with and fought for before the right kind of laws are obtained. There is always a class of men—many of them good men—who do not believe in disturbing the old condition of things. For them the rules that governed our fathers are the best rules to govern us. They have lived under a system that has appeared fair enough to them, especially if they have profited thereby. There is always a class who are ready to apologize for political corruption, and when corruption is brought directly home to a public man in a high position this class makes excuses for him by saying that what he has done or

is doing others do in public life. Some go so far as to say all men in public life are dishonest.

Propositions for reform frequently startle; they come so suddenly that we do not even know what is meant by the terms used. We soon become accustomed to them; we argue the propositions; we try them out and usually find good in such proposals for changing the existing condition of things.

Corruption in politics is persistent. We eliminate it in one direction and it springs up in another. Politics and political life should be entirely separated from commercialism. There is no reason why the man who runs for office should not have the full salary attached to that office, or that he who is appointed to an office should not be free from constant pursuit by political machines and committees, who demand as a matter of course favors and contributions. It is possible to pass such laws as will free the elective and appointive officers from that which is very repulsive to right thinking men.

Is it possible to pass laws providing that all the expenses incident to campaigns and elections shall be borne by the United States, by the States, by the counties and other political municipal corporations? I believe it is.

One of the preliminary courses, however, to this condition, should be through a short ballot. The responsibilities should be thrown upon fewer people in the State and each political subdivision of the State. The blanket ballots should be avoided as far as possible, thereby lessening the expenses of election. The headless ballots should be used to encourage intelligent and independent voting. The elected officers should be in a position to work on straight lines and not be embarrassed by what is sometimes termed "political obligations."

Again, the ballot should be compulsory. Those who have the right to vote should be compelled by law to go to the polls and cast their ballot, and in this way the expense of going after and getting these people would be abolished. Bribery should be made unprofitable. The bribe giver should be punished by severe pains and penalties; the bribe taker should be punished, perhaps not to the extent of the one who tempts him.

I believe we have a better and purer government now than ever before in the history of this country. What I say of the United

States is also applicable to the several States and the subdivisions of the States. Earnest effort to prevent illegal voting and intimidation of electors; limitation of contributions; publicity of campaign expenditures; restrictions and limitations of expenditures; control of political agents and workers—are all bearing their fruit. If we can devise means by which the States and general government shall bear the burdens incident to primaries and elections, we shall be in a position to reduce corruption to the minimum.

To secure that which we most desire—pure elections—nothing I believe will avail more than the entire assumption of the expenses of primary nominations and of elections by the States and the general government. I have unbounded faith in the people of the United States and believe that that which is most desired in government will be attained, and that that which is for the benefit of the greatest number of all our people will be realized.

In closing I will repeat the closing two sentences of Bryce's great work "The American Commonwealth":

"America has still a long vista of years stretching before her in which she will enjoy conditions far more auspicious than England can count upon; and that America marks the highest level, not only of material well being but of intelligence and happiness which the race has yet attained, will be the judgment of those who look, not at the favored few for whose benefit the world seems hitherto to have framed its institutions, but at the whole body of the people." (Applause.)

CHAIRMAN DUNNE—Gentlemen, it has been suggested by some of the members of the Conference, in view of the fact that it is very important that we should try to expedite the proceedings of the Conference so as to close Friday, that it might be well to establish a rule limiting the discussion of papers; and if anyone desires to make a motion of that character, I will be glad to put it to the house.

GOVERNOR McDONALD (of New Mexico)—Mr. Chairman, while I hesitate to do so, but at the same time appreciating that it might be absolutely necessary, I make the motion that discussions on each paper be limited to ten minutes, because we have a whole lot of work to finish up.

CHAIRMAN DUNNE—That does not apply to the principal paper?

GOVERNOR McDONALD—No, sir, to the discussion following the paper.

GOVERNOR O'NEAL—I second the motion.

The motion being put by the chair, was carried.

CHAIRMAN DUNNE—Does any gentleman desire to be heard upon Governor Carey's paper?

If there is no one ready, I might use a few minutes of the ten myself.

It is very apparent, and I think we will all agree with Governor McGovern, that there should be a law to limit the expenditures of candidates for public office. The only question left for determination is as to whether it is practicable to make a limitation and to frame a law that will meet the needs and necessities of the different communities of the United States. That there should be a law, has been apparent to me for a number of years. Within the last two years I personally participated in a campaign in which a newspaper, in the absence of any law limiting the amount of expenditure, called upon the candidates to state to the public what were the sources of their revenues, and what money was being spent in that campaign. So strong was the force of public sentiment created by that paper making that demand—in the absence of a law requiring anything of that character—that three of the candidates voluntarily made those statements, and those candidates belonged to the different parties, one of them to the party to which I belong, and one to the party to which Governor Carey belongs—the Progressive Party; and while these three gentlemen were running for office in a great State, the salary of which for four years was about fifty thousand dollars, one of them admitted that he spent about one hundred and eighty thousand dollars in the campaign, and another about one hundred and sixty thousand dollars, two or three times the amount of the salaries these gentlemen could have received if they had been successful in the election.

Now that we all know that such things could occur in the United States, as they did occur in my State, it is time for the legislatures to step in and put a limitation on the expenses of

a candidate. Now, is it practical? Why not? I advocated in Illinois that some such law be passed, and a law was framed at my suggestion, but unfortunately, that was one of the things we did not succeed in getting through the legislature.

Why is it not practical, gentlemen, for the State to publish a pamphlet setting forth the platform or principles of the candidate for an office, with his biography and anything that he seeks to have stated to the public, in a pamphlet, and compel that candidate, as an evidence of good faith, to pay a filing fee? If you don't require some provision for a filing fee, we will have all sorts of people that are semi-demented and not in the insane asylum, announcing themselves as candidates. Is it not practical, gentlemen, for the State to require every candidate for office, as an evidence of good faith, whether he be running for Governor, county commissioner, or alderman, to deposit at least one hundred dollars in the public treasury for the purpose of printing his statement of principles, his picture, if he desires, his autobiography, if he desires, and the things which he thinks commend him to the public as a candidate for office? That could apply—and I think it is practical—to all candidates. That would not entail any expense upon the government beyond the amount of the publication of a pamphlet. And then I think, in addition to that, that every candidate should be limited as to his expenses. I think there ought to be a limitation upon every man's expense, outside of that fee that he pays to the State for the publishing of that pamphlet, based upon a percentage of the salary that he gets when in public office. Any man, whether he is running for the Presidency, or running for any other office, should be limited as to his expenses to fifty per cent of the salary he would receive if elected. In addition to that we should require not only publicity in general terms, but require repeated publicity during the campaign. Is it impractical or unjust to call upon a candidate for public office, when his campaign runs for two or three months—by the way, in the State of Illinois a primary campaign sometimes runs for four months, and the primary and campaign for election, to my misfortune, I can state from personal experience, occupies eleven months—is it unfair or unjust to require that candidate, as his campaign proceeds, to publish weekly statements to the com-

munity, under oath, stating what amount of moneys have been contributed for the prosecution of his campaign, and how he has spent those moneys? Publicity is the cure all! You let the public know that a man running for public office is spending two or three times the amount of salary he would get if elected, and the public at once will lose confidence in that man and will not vote for him. So I think, my friends, that it is practical to frame a law which would require the candidate, as an evidence of good faith, to deposit enough to cover the publication of the pamphlet that will show his reasons why he demands election from his constituents, and then limit his expenses to a certain amount above and beyond that, so that he cannot be debauching the public, as has frequently occurred in elections that have taken place in the past.

GOVERNOR O'NEAL—Is it your idea that the State should pay for the pamphlet, or the candidate?

CHAIRMAN DUNNE—I think the State should pay for its distribution, Governor O'Neal. The candidate should pay one hundred dollars for the printing of that pamphlet. The printing might not cost half of that, but the postage would cost a great deal more. I don't see any difficulty in the State preparing the autobiographies and the platform of the Governor, the State Treasurer, the Auditor, Attorney General and every other State officer, and putting them in pamphlet form and distributing them to the constituents of the candidates. That can be done in one package, all the candidates in one, and the law should so provide.

GOVERNOR STEWART—What will you do with these candidates, then, when these pamphlets are being distributed?

GOVERNOR DUNNE—I would prohibit the candidate spending any money beyond the limitation placed upon him by the State—say twenty-five or fifty per cent of the salary that he would be recompensed with if successful. Let him spend that in any way he sees fit, in advertising or otherwise.

GOVERNOR STEWART—Would you compel him to stay at home?

CHAIRMAN DUNNE—No, sir; on the contrary, I would encourage him to go abroad.

GOVERNOR STEWART—How would you have the expense borne?

CHAIRMAN DUNNE—At a percentage.

GOVERNOR STEWART—Where would you get the percentage?

CHAIRMAN DUNNE—Take the Governor of the State of Illinois, who is elected for four years and receives a salary of twelve thousand dollars a year, which would be, for four years, \$48,000.00; suppose he was limited to fifty per cent., don't you think any man running for Governor of the State of Illinois ought to be able to conduct his campaign on a percentage of that salary, whatever it may be?

GOVERNOR SPRY—While the Governor of Illinois may get twelve thousand dollars a year, what would you do in the case of the Governor of Texas, with four thousand dollars, with two hundred and fifty thousand square miles to cover in order to make his canvass?

CHAIRMAN DUNNE—I don't think the Governor of Texas has any more arduous campaign than the Governor of Illinois, when he has to spend eleven months campaigning.

GOVERNOR SPRY—That very argument, Governor, makes it impossible, from my viewpoint, for any poor man to run for office. There is not a poor man in the United States who can, in running for office, afford to devote eleven months of his time and support himself and his family, and pay his contribution to his party; and the very thing that we are attempting to accomplish here, as we say in the interests of the poor man, works altogether and entirely to his detriment. It is folly, gentlemen, for us to encourage the idea in our hearts or heads that we are legislating for the poor man all the time, that the poor man is not having a chance.

In Utah—I cannot speak for other States—the present State officials, every one of them are poor men. In the first race I made for Governor, I went from the United States Marshal's office on a salary of thirty-five hundred dollars a year. I went into the Marshal's office from the farm. My opponent on the Democratic ticket at that time, between himself and his family, represented great wealth; so that in that instance, so far as discrimination between the rich and the poor was concerned, the poor man got the benefit of the popular vote.

Our present State Auditor is a young man who was elected to office while pursuing the study of the law, and, since his election, has been admitted to the bar of the State. Our Treasurer was

taken from the farm. And, it occurs to me, it is largely folly for us to encourage the idea in our minds that the poor man of the United States has no show. I believe he has a show in every State of this Union, and I would very much dislike to believe the contrary. It is a difficult matter for me to persuade myself, or be persuaded, that men in public office are not honest. I have not persuaded myself of it, and I do not believe that I could be convinced by any argument, for my knowledge of public men leads me to the contrary. I should very much dislike to believe that my colleagues here, representing the various States of the Union, are men who have obtained their positions through intrigue, or because of money spent illegally and illegitimately. I don't believe that you are that class of men, but I do recognize the fact that it is a very easy matter for us to entertain ideas of house cleaning occasionally, and the trouble is that in attempting to clean house, we are very apt to make it appear that politics are all wrong; that we are the only Simon-pure reformers, and that we alone are looking for the uplift of the American people.

Why, bless your hearts, men have lived before who have been subjected to unfair criticism. I have confidence in the American people, however, that they will uphold their public officials who are endeavoring to fairly administer the law, and I shall very seriously object, as I have objected in my own State, and if I had opportunity I would be only too glad to object in other States, against the impression that is going out that the man in public life is a dishonest man, because he is not. There may be exceptions to the rule, gentlemen, but the rule is that the American people have good sense enough, that they are intelligent enough to elect, as their public servants, men who are loyal and who are devoted to the Constitution and to the interests of their constituency, and that is the class of men whom we are electing in the United States today from president down to constable. It is very rarely the case that you learn of malfeasance in office.

I believe in publicity. I think it is perfectly right and proper that we should have publicity; that the public, the people whom we serve, should know what is being done with their affairs, and you cannot make it too public for the honest man. The honest man has no fear whatever for the sunlight of day to be shed upon

his official acts. Therefore, give us publicity, but do not let you and me go out and encourage this feeling throughout the United States, that we are under suspicion, that we will stand watching because of the fact that we occupy public positions and that we are in a position, if we were so inclined, to cheat and defraud the people whom we represent. I deplore the fact that that feeling is going out throughout the United States; and, as a rule, it has been encouraged by men in public positions themselves, because of the fact that they think they want to make good to the people whom they represent, and the people have been exploited altogether more than they should have been exploited, and we go out and make it appear that we are friends of the people when, as a matter of fact, too frequently we are attempting to add additional burdens on the people to whom we profess to be friendly.

GOVERNOR STEWART—Mr. Chairman, in the outset of my few moments, I want to say that I fully believe in the idea of limiting the maximum expenses of any candidate for a public office. I believe also in the principle of publicity in making a candidate present to the public the items of his expenditures, but I do not believe in the theory of making the Municipality, the County, the State or Nation pay the campaign expenses of a candidate for office. In the first place I think it is wrong, because there is no way then to pick the man who shall run for office, as the distinguished Governor from Illinois said. A hack driver has just as much right to enter the lists for Governor of his State, as is some man who has peculiar qualifications. Not only that, but the theory of the thing seems to take away from the man the personality and the strength and individuality of his character. Every man has his friends.

In the discussion today of the paper of the distinguished Governor who read a paper on the same subject, this very proposition came up, as to whether or not the friends of the candidate should be allowed to go out and make expenditures on behalf of the candidate. I think that should not be done except within certain limits; but are we going to say to a man who, by right living, clean living, who by force of his intellect has built up for himself a circle of friends, that they shall not be allowed to go out and raise their voices in his behalf? Are you going to say

to a man that he must have the color of his hair, his height, his weight, his age and the place of his birth printed in a pamphlet and circulated about over the State, and that that shall be his campaign, and that he shall not be allowed to go out and tell the people with his mouth, for what he stands? I say to you that when you do that, you destroy the very strength of our government?

We are attempting, if I read the signs of the times aright, to legislate a little bit too much. The distinguished Governor from the State of Maine said this morning that if we would just pass a law to cover every contingency, why, as he said, in effect, we would not need to pay so much attention to the administration. He said we didn't need to govern, as the distinguished Governor from Virginia had said we should. I take issue with him on that proposition. I think we have too many laws. I would rather take the distinguished gentleman who is the Governor of Illinois, and place him at the head of the commonwealth with nothing but the Ten Commandments to guide his course, than to take some rascal with all the new-fangled statutes that a Legislature or a Congress could pass, and he would give a better administration. If you have not honest men, you cannot legislate honesty into them. If those characteristics of honesty and fair dealing with the public are not innate in the individual, then your official will not have a successful administration. I think that when we pretend to say, not only to the official, what he should do in every slight contingency, but when we attempt to say to the people themselves just how they shall regulate their daily walk and conversation, that we are abusing some of the privileges and liberties of a Democratic government.

When I studied history as a boy, a thing that surprised me was the idea that the old colonists had; when they came over to this country they were actuated by a desire to have religious and political freedom, and they emigrated to this country for that reason; but when they came here, in order to have that religious freedom, they said every man shall worship in a prescribed way. Their idea of religious freedom in those days, was that every man should be free to worship just as they said he should worship, and that was always a peculiar thing to me, and that has become the idea of a good many people who are crying now, "Let the

people rule!" What do they mean? They mean perchance, that because my neighbor Jones does not pursue his daily walk and conversation as do I, that I shall say, "Jones, you shall conform to my ideas of living and of work and of worship." And when we get into this proposition, we will find, after all, that all of our laws which we pass along those lines attempting to regulate too much, will fail unless we get the honest men, the good old-fashioned honest men, to go ahead and act as they did in the past, when perchance there was nothing more, as I said before, than the Ten Commandments to guide them.

In my own State of Montana, when it was a territory, we had a peculiar situation. Gold was discovered in Alder Gulch in 1863, and there was a tremendous influx of people from all over the United States and the world, if you please, and in that place where not one soul had lived, in the course of a year or two there were twenty thousand people, and the gold was taken from the ground and was taken to all parts of the world. But, of course, the country was soon infested by thieves and road agents, and it was so far removed from law and order, there was no regularly constituted law there for the government of the people, and when it was found that men could not protect their property and their lives, and that the law was not there to protect them, although there was a law on the statute books at that time, and that country was a part of the United States just the same then as it is today, there was formed a body of men called the "Vigilantes," who gathered together and they tried those road agents. Did they try them according to the prescribed rules and regulations of a court of justice? Did they try them and convict them under Section 1051? No, my friends, they met out in the open, or they met in some back room and they tried the man, in his absence very often, and when he was tried, he was executed; and a great number of the road agents were executed, among them Henry Plummer, the notorious ex-Californian, who was in league with the road agents; and Slade, and all those other men, they were executed, and the result was, that in spite of the fact that the strong arm of the law did not reach that obscure place, life and property were safe and sacred for many years.

I do not want to take up any more time, and I am afraid I am getting over the limit; but I want to say in closing, if you

will bear with me a moment, that after all we forget that personal equation is the element, and we must not get it into our heads that we have no honest men, that honesty is not a characteristic of the men who are in office and the men who put other men in office in the United States.

GOVERNOR HODGES—Mr. Chairman, I am much interested in what the good Governor of Colorado was speaking about this afternoon, and also the Governor from Texas, and I am sorry he is not here with us tonight. I believe, like my friend Stewart from Montana, that the individuality of the man, is as salutary a thing in politics as the rays of the sunshine are in hygiene.

My friend from Texas said this afternoon, that every man was trying to attain to a degree of perfection, and that was impossible. Now, we will concede that perfection is impossible, but I think in politics, in social affairs and in State affairs we should have a standard as high above the ordinary standard as is possible to attain, and when any man or any party uses their utmost endeavor to attain that degree of excellency, then they are raising the standard of politics and of their party and of their State.

I come from the State of Kansas. We have been called a State of paradoxes, but we are not. We are not a State of paradoxes, but more of a happy succession of surprises, and it may be a surprise to you gentlemen to know, coming from that great State of ours, that I do not take the side with you who believe that the State should pay the campaign expenses of candidates.

I believe that a man who goes out into politics in the State, should have an individuality of his own. It is seldom that a strange man, or any man comes up like a mushroom growth and becomes a Congressman, a Governor or United States Senator. He must have something behind him. He must have that confidence behind him that causes men to have confidence in him. A Legislator, an Executive, or a Congressman, is a man who is merely an agent—a business agent, if you please, and, in our State I am temporarily Governor of that great State. The people have asked me to temporarily conduct their affairs and to look after their interests in a commercial way. This request did not come like a whirlwind. I have been in the Kansas Senate for the last eight years, and by all the ethics of politics another gentleman should be here tonight representing Kansas, and he should

have had at least one hundred, or anyway, seventy-five thousand majority. That gentleman owned a great list of newspapers—I presume he had about as many different kinds of newspapers as Heinz has pickles—they say he had twenty million circulation in Kansas; but those newspapers, and the advertisements they carried in our State, had been such that the people could not consistently stand for that sort of a man, who had made a part of his vast wealth out of something that the people did not believe in—advertisements that clean papers refused. So, consequently, when election day came around, our good Republican friends and our Progressive friends—because the Republicans and Progressives were behind the other candidates—came over to the Democratic Party, not because they loved the Democratic Party or believed as we believed, but they wanted a change in Kansas, and they had a change.

If the State pays the campaign expenses and the primary campaign expenses of candidates, you are going to have a condition of affairs which existed in our State a number of years ago. We had a gentleman, one of three, who was a candidate for a certain office, his name began with A—at that time we did not have the rotation, and this man got twice as many votes in the primary campaign as the other two candidates combined, and yet that man was absolutely unqualified. We might say that even if he paid his own campaign expenses, that would not preclude the possibility of his becoming a candidate; that is true; but the paying of campaign expenses would inspire other men of like degree of inefficiency in becoming candidates, and I think a man who has not achieved that distinction in official and social affairs that will permit him to pay his own campaign expenses, then that man has not become a successful man in his immediate community, or a successful man in his State. I grant you a man must have some business acumen and he must show there is something in him before the States in the middle West will make him an Executive, or Congressman, or United States Senator; and I say to you, if your State paid your campaign expenses, primary or otherwise, you are going to have candidates springing up all over the State like a mushroom growth, and we will not know where we will end. So I am utterly opposed to the State paying campaign expenses at all. I don't believe it is a good thing.

CHAIRMAN DUNNE—Don't you think a registration fee of a hundred dollars would stop a good many of them from becoming candidates?

GOVERNOR HODGES—Well, it might stop a few, yes sir; but a man who has not a hundred dollars is hard to find in my State. We have one thousand, six hundred and eighty-four dollars per capita for every man, woman and child in Kansas. With a valuation based upon sixty-five or seventy per cent. of actual values, we have three billion of dollars assessed valuation.

GOVERNOR O'NEAL—Mr. Chairman, it seems to me that two ideas have been suggested by the very able papers to which we have listened on this subject. The duty of the State or government to pay the campaign expenses of a candidate, I confess I cannot subscribe to. We have had a primary system in force in Alabama since about 1900. As a member of the State Executive Committee, I led the fight to introduce the primary system for the nomination of candidates for State office, in lieu of the old convention system, but Alabama has never, by any law, declared that nominations could not be made except by the primary system, nor have we undertaken to pay the expenses of the candidate. We have adopted a corrupt practice act, and I think that if the primary system is to be a success in any State, it is absolutely essential that a corrupt practice act of the most stringent character should be adopted. We should limit the expenses of candidates, because the experience in Alabama and the experience in every State where the system has been inaugurated, is, that money has become a very potent factor in determining the result of these elections. So enormously has the expense of candidates increased, that it has practically debarred men of small means from seeking public office where a statewide election is required. The expense of postage, letters to the voters and the various necessary and legitimate expenses of a candidate, figure up so large a sum as to debar men of character and merit, that are poor, from seeking office. Now then, why should the State undertake to pay the campaign expenses of the candidates? The result of such a policy would be to enormously increase the number of candidates and to such an extent as to bankrupt any State treasury. Why should it be the policy of the State to encourage men to seek office? On the contrary, why should it not be the

policy of the State to carry out the doctrine announced by Aristotle, as declared by the distinguished Governor of Connecticut this evening, that the office should seek the man; and that really is a fundamental objection to the whole primary system, because the office can never seek the man; the man must seek the office.

Now, under the system that prevails in our State, we have passed laws regulating and controlling the primary election system, but we permit any political party that sees proper, to nominate their candidates by convention or by petition. If the people of a community, or of a County or of a State, should be impressed with the fact that a certain man ought to be elected Governor, why should not the people be allowed, by petition, to ask that his name be placed upon the ballot? Why should you force that man to go into a primary election to seek the nomination? We have found this to be the experience, and I have no doubt it is the experience of every State, that while the primary election system may be necessary to secure an honest expression of the public will in the election of officers of State, such as Governor or United States Senator, yet in the election of subordinate executive officers, such as Secretary of State, Railroad Commissioner, Auditor, or Superintendent of Education, it is the veriest gamble that was ever undertaken. When you come to the election of a Governor or a Senator, the people divide on the issues; the element of personal equation does not control; but when it comes to the election of the subordinate officers, the man who can subsidize the greatest number of papers, who can send out the most literature, who can select the greatest number of agents at the polls, he is generally the man who, by his wealth, will secure the office. Therefore we advocate the short ballot. Why? To get rid of that very feature. And therefore the tendency in those States advocating the primary election system, is to concentrate power and responsibility in the Governor, giving the Governor the power to select all subordinate executive agents, because we know that in this multiplicity of candidates on a ballot, it is impossible for the people to make a wise and judicious selection, outside of the great offices which attract state-wide attention. Now we find that would be the trouble in our judicial system. The great masses of the people know little of the capacities of

men who are probably seeking the Supreme Court judgeships, and it is a matter of chance. We have no system of rotation on the ballots, and the man whose name commences with A in Alabama, in a primary election, always has an enormous advantage; and I have seen cases where a man whose name began with an A, who was probably unknown, always lead the ticket. And what have we done? We have decided, in Alabama, while we will have a primary for the governorship, and other State and County officers, we believe, by the convention system we can secure a higher standard of judicial capacity than by the primary election.

I don't want to take up any time, except to express my dissent to the idea that it is the duty of the State to do more than to provide a proper corrupt practice act. I remember when I was a candidate for Governor, I was confronted with the proposition that almost every church in the State needed a coat of paint, and invitations came for donations, with a reminder that my failure to comply with their modest request might secure the opposition of that community. Also it suddenly occurred that every county newspaper in the State advised me that they intended to issue a special edition in which they would discuss the various candidates, with the polite intimation that if I failed to contribute fifty dollars, I would be *persona non grata* with the editor. Hence we adopted a corrupt practice act which provided first, that no donations should be made to churches, eleemosynary or charitable institutions, by any candidates; it also provided that it should be a penal offense for the editor of any paper to request any candidate to make a donation or subscription to any of his special editions.

GOVERNOR AMMONS—That is a good one.

GOVERNOR O'NEAL (continuing)—I found this to be the trouble—that I had a very great many warm friends who were doing more for me than any other person in the State, that needed twenty-five or fifty dollars, either as a donation or a loan. We put that in our law, that it is a penal offense for a man to ask a candidate for a loan. And we also provided that it should be illegal for any candidate to provide transportation for voters to the polls. All these things tend to purify the primary election system. But under the system that now exists in Alabama, and

I have no doubt in other states, you take two men of equal capacity, seeking a State office in which the people are not interested—an office in which the people are not divided on account of some issue, the man who can subsidize the most newspapers, write the most letters, organize the best publicity bureau and secure the largest number of agents at the polls, markers and challengers, is the man who wins always, and that is what we want to obviate, and we can only obviate it by that system—a stringent corrupt practice act. (Applause.)

GOVERNOR McGOVERN—Mr. Chairman, I rise to speak on this subject again with reluctance, because I spoke once today, but it was under the pressure we all felt of concluding our meeting as soon as possible, in order to accept the hospitality of our host on top of Mount Manitou. Now, I want to be very brief in calling attention to what appeared to me to be the things which seem to divide us, but which in fact do not divide us.

My good friend, the Governor of Utah, has expressed warm indignation at the imputation of dishonesty among public officials; that is a natural and a wholesome sentiment with which we all sympathize. But let me ask him to consider for a moment what the causes are from which this distrust of public officers has come. Has the suspicion of dishonesty in public places come, my friends, because the common council or board of supervisors of the city of San Francisco was rotten from top to bottom, or because the State of California has, since, passed a corrupt practice act? Has the distrust of public officers come because members of the legislature of Illinois were bribed to vote for Senator Lorimer, or because the Governor of Illinois now believes in a corrupt practice act? Has the distrust of the integrity of public officials in the State of Missouri come because of the corruption exposed by ex-Governor Folk when he was district attorney in St. Louis, or because since that time Missouri has passed a corrupt practice act? Why, my friends, whatever distrust or whatever discredit there is now in official place, comes because of recreancy in office, and not because of a sincere desire to secure honesty and official integrity.

Again, there was a little imputation in what Governor Spry said, as to whether those who advocate this reform were not assailing somebody and setting themselves up as moral exemplars

among their fellow officials. Not at all. Nothing, indeed, could be further from the truth. I believe that we who would like to see present methods changed are as charitable to our fellow-officials and our fellowmen as any one. In denouncing election abuses we assail methods, not men. We advocate a change of system under which all men would do better. That is all.

I am willing to concede that Mr. Rockefeller, or Mr. Morgan when alive, or any other multi-millionaire, if he possessed the character, the intelligence, and fitness for public office, should not be shut out merely on account of his wealth; but I want him to get in on the basis of his integrity and character, not on the basis of the wealth he happens to have. And when I hear fellow Governors say that character and fitness will be eliminated from election contests when we have passed a corrupt practice act, I am amazed!

GOVERNOR STEWART—Oh no, not that.

GOVERNOR McGOVERN—I am amazed! I say to you when you have eliminated the baleful influence of money in public affairs, you will, on the contrary, have opened the door of political opportunity to the man who has character, who has personality, who has ability, and who has the gifts to qualify him for high public station.

The reason we have spent money in Wisconsin far beyond reason was not because anyone wanted to throw his money away or desired to corrupt the voters of his State. But just let one man, intent on getting office, right or wrong, start out by opening his campaign barrel and the distribution of a slush fund, and every man in the race, honest or dishonest, prudent or extravagant, will immediately be compelled, if he desires to continue in the contest, to spend more than he should. But when you limit campaign contributions and expenditures you make it possible for poor men and for men of moderate means to enter the race because they know their competitors will be subjected to the same limitations they are and the influence of mere wealth as a controlling factor will thus be eliminated. So instead of these laws limiting the opportunities of the poor man, they greatly increase them. Very often the poor man has more friends than the rich man, and more steadfast ones; but what good will his friends do him if the rich man can buy up the news-

papers and can go into every county of the State and subsidize the political machinery of his party there, putting paid workers at every polling place, and hiring carriages to bring out his retainers, until the poor man's friends are outnumbered and overcome? What we want is a free field and no favors. The desire to have men of courage, character and fitness win the political race justifies, as nothing else can justify, such laws as we are now advocating. One thing more. I do not believe anyone advocates that the State should assume all the expenses of the candidate. Governor Dunne has very well expressed the idea. For instance, the maximum amount that can be spent in my State by a candidate for Governor is five thousand dollars. My contribution to the Campaign Text Book published by the Secretary of State last year was seven hundred and fifty dollars. My total campaign expenses were something like twelve hundred dollars, but I could have spent five thousand dollars had I wished to do so.

CHAIRMAN DUNNE—What did the printing of that pamphlet cost?

GOVERNOR McGOVERN—It was intended that the contributions of the candidates should cover the expense of printing and that the State should bear the expense of distribution.

GOVERNOR O'NEAL—Is that all the State does—to publish the campaign book?

GOVERNOR McGOVERN—It prints and distributes it.

CHAIRMAN DUNNE—Do the candidates contribute enough to pay for the printing?

GOVERNOR McGOVERN—Approximately.

CHAIRMAN DUNNE—The State pays the postage.

GOVERNOR McGOVERN—It may not work out precisely like that, but that is the general idea. Under our law there have been no more candidates than formerly, but now any man may enter the field with the satisfaction of knowing that he will stand or fall according to his merits. Unless he thinks he has some reasonable ground to suppose that he will be elected, he will not run. But if he feels qualified for the place he seeks he need not ask anyone's consent to enter the race. We have no more candidates than we had before and less money—a great deal less money is now spent. We have tried to make one thing

prominent—merit. And what honest man is there who believes in democracy, who believes in this Republic, who thinks that the foundation principles upon which it is established are sound ones, who is not willing to risk his candidacy upon his qualifications, his character, his education, his experience and his fitness for public trust?

How is it with private corporations? If a man who wished to become superintendent or foreman of a factory, a department store or a mine should go out and spend thousands of dollars getting up testimonials and bringing pressure to bear upon the board of directors to influence his selection, what would they say to him? They would probably say: "Leave that to us. We will look up your qualifications in our own way; just give us your references. We are interested as much as you are in finding out all about you; but we don't want you to thrust yourself upon us, and the place is not for sale." Is not the comparison just? Why should not the people of the State pursue some of the methods business corporations follow in selecting their servants? It seems to me they should; and I cannot understand why the citizenship of a State should adopt standards lower than those tolerated by the stockholders or board of directors of a private corporation, or why it is not as much interested in the record and qualifications of candidates for public office as they are themselves.

GOVERNOR STEWART—Mr. Chairman: I want to answer just one thing the gentleman said. He is a good deal like the present-day minister, he doesn't stick to his text. He said in the very opening of his remarks, "I believe in a corrupt practice act." So do I. And when he gets wrought up, he talks about the corrupt practice act, but he doesn't confine himself to the question at issue, whether or not the State should bear the campaign expenses, or the municipality, or the County.

GOVERNOR McGOVERN—That is one of the features of the Wisconsin corrupt practice act. We think it an important, if not an essential, part of a complete law upon the subject.

GOVERNOR STEWART—Yes, but that is the very part that I take issue with you upon.

GOVERNOR HODGES—I want to disabuse my friend McGovern that I am of the same idea. We have a corrupt practice act in

Kansas, perhaps not as drastic as we would like to have it; but we are speaking now about the State paying the campaign expenses.

CHAIRMAN DUNNE—The postage, practically.

GOVERNOR HODGES—I have had a wrong impression from the papers I have listened to this afternoon and evening. There has been no specific statement other than that the States were to take up and pay campaign expenses, and I construed that to mean all the campaign expenses, both of the primary and general election.

GOVERNOR McGOVERN—I wonder, Governor Hodges, if anyone meant that?

GOVERNOR HODGES—I understood you that way.

GOVERNOR McGOVERN—I did not, at any time.

CHAIRMAN DUNNE—I did not.

GOVERNOR HODGES—It occurs to me if the State pays the primary expenses of a candidate and he becomes an Executive or a Congressman, is there any reason then—can you put it upon any sound basis, whereby that man will be more honest than the man who pays his own campaign expenses? Not at all. I believe in the individual man, and I believe too, that the time is coming in this nation, in the States and in the counties, when we will restrict the amount of money a man may spend for his campaign, to perhaps ten, fifteen or twenty per cent.—it should not be any more than that, of his salary. Then a man will go out and come in touch with the public himself; he will make campaign speeches all over the State. I made three hundred in an area of two hundred by four hundred miles, and I was busy for some time, I assure you. I made those speeches and got in touch with the people. I was not very popular with the papers in Kansas. We have perhaps sixty Democratic weekly papers and four or five dailies, that supported me—the greatest had a circulation of thirty-five thousand; so it is not the papers always who win for you or who defeat you. I do not think there has ever been a more misrepresented candidate in the State of Kansas than the present Executive. The newspapers were practically all on one side—Republican. That is the reason I agreed with our friend, the Governor from Colorado, this afternoon, who knows, perhaps, whereof he speaks. But when a man gets into politics, you are supposed to take and guard off the blows, strike back, and after

the election is over and you become the Executive, then go ahead and do the best you can for the public.

My friend from Texas spoke this afternoon about the standard. I believe that honesty in politics is as much a political asset as honesty in business is a business asset. I believe political promises are as sacred as business promises, and that business obligations are as sacred as family obligations. There is no difference between a business promise and a promise in politics. There was a day when political honesty was not measured by the same standard as business or personal honesty, but that day is passing.

I believe this country is getting better and the passing of a great moral wave over the country, and a quickening of public conscience has inspired and given fresh impetus to the many needed reforms in public life.

You know full well that things which were customary in politics a few years ago are now frowned down upon and tabooed by this new awakened element in our political lives. Our standard is much higher than it has ever been before; but high as it is, there still remains, it seems to me, a much higher level yet to be attained. This can be brought about by a strict corrupt practice act, which was spoken about a while ago. I believe we should take our newspapers into account and compel them to tell the truth. No public man cares for criticism, but just say to your newspapers, "Tell the truth about a man, that is all that is necessary." And when we can regulate our great papers, why then, perhaps, we will have less friction in politics.

Down in our section of the country we have some great newspapers; the great Kansas City Star, I believe it is the greatest paper in the middle West. It is a primer for the children and a text book for the old. It has a wonderful influence in that section of the country. It is a great moral paper. You seldom see it abusing a man. It will take issue with a man and criticise him politically, but I have always found that it stood for what is right. If we could get more local papers in our section of the country to follow the example of a great metropolitan paper like the Star, more business men and more professional men will get into politics—men of the right kind, who should get into it, because too often is it now the case that men are fearful to enter politics for fear of this unjust criticism, and good, clean, big,

broad-gauged men simply sit back on the farm and run their business, when the State needs that kind of men.

LIEUTENANT GOVERNOR WALLACE (of California)—You say there are no great papers in the State of Kansas?

GOVERNOR HODGES—Not of any great, wide circulation.

LIEUTENANT GOVERNOR WALLACE—And yet did you not tell us a little while ago about the immense assessed valuation and the prosperity of the State?

GOVERNOR HODGES—But, my friend, you ought to remember there was a hundred thousand Republican majority in the State a few years ago, and we have changed that.

GOVERNOR CARY—Mr. Chairman, I have listened to the arguments, and I think every argument made tonight is a strong argument for the State assuming the election expenses. The State now conducts the election and pays for it. It is very expensive.

GOVERNOR O'NEAL—Governor, let me ask you a question. Do you mean the State assumes a candidate's expenses, or the campaign expenses?

GOVERNOR CARY—The State of Colorado had passed a law called the "Two-Bit Law" and the courts declared it unconstitutional. It allowed twenty-five cents for each voter at the previous election.

GOVERNOR AMMONS—For each of the parties.

GOVERNOR CAREY—Governor McGovern's case I think proves the whole thing. Wisconsin is a great State. He is paid the magnificent salary of five thousand dollars per annum and is elected for a term of two years. The total of his salary is ten thousand dollars. The State has passed a law that permits him to spend five thousand dollars of the ten thousand, and he would spend that if there were any active contest against him, providing he could get the money. Now I say Governor McGovern is entitled to five thousand dollars a year salary without paying any of it to secure his election. A Governor has household expenses, if he has a family. (Brother McGovern I think is a bachelor and does not require as much as some of the rest of us.)

From what has been said in this discussion, the basis of it is the expenditure of money by the State. If the State pays it, the candidate does not pay it, and there is no more money expended than there would be if the candidate expended it himself. The

State should pay the salaries, and good salaries, and such a condition as you have stated occurred in your own State, should be impossible—in the State of Illinois. I am somewhat surprised at some of these Governors, because nearly every one of the new States has had some very sad experience. It has disgraced them. We remember it. We don't forget it.

I happened to be in the State of Montana after an election there some years ago. I went the whole length of the Northern Pacific Railroad—I had some interests in the eastern part of the State—and Republicans told me that in the second Clark election his management did not wait until the Legislature was elected, but proceeded to corrupt the voters in advance of the election, with money. That is true, isn't it?

GOVERNOR STEWART—That is true, absolutely.

GOVERNOR CAREY—And his illustrious son said that he "would elect dad, but would probably break him." Isn't that true?

GOVERNOR STEWART—He did the former, but not the latter.

Governor Carey, may I ask you a question? Has there ever been a rich man elected in Montana since? We didn't pass a corrupt practice act until last winter, but there hasn't been a rich man dared bob his head for office, because he knew better.

GOVERNOR CAREY—Our friend, Tommy Carter, died and left a very large estate, didn't he?

GOVERNOR STEWART—He got very rich after he got in.

GOVERNOR CAREY—Now, as I said in my paper, it will take time to work these things out. The South is in a little different condition. They have had primary elections, and their contests, as a rule, in the Southern States, are within the Democratic Party? Is that not so?

GOVERNOR O'NEAL—Yes, sir.

GOVERNOR CAREY—In States like Kansas, Montana, Illinois, and all, you might say of the Northern States, the contests are very close. They often turn upon the expenditure of dollars and cents in the campaign. Now, that is one thing we want to get through with; we want to do away with it. Don't let any of us stick too closely to old things. Nobody reverences the men who made our government, more than I do. We read of them; patriotism and great learning were brought into play. They framed the best government, I believe, that is known in the

history of man. They not only considered their interests, but they foretold them—looked ahead to the interests of the people who should populate this continent. They gave us a great government, a good government; but as they had the experiences of the ages that preceded them to govern them and control them in the formation of that government, the people who have lived under that government now for nearly a century and a half, have had actual personal experience, and have profited by the experience of their fathers, and of their grandfathers: we can continue to better the system as we have bettered it. It takes time; it takes a great deal of time to work these things out.

I happened to be a member of the House of Representatives when Mr. Cullom of the United States Senate, and Mr. Regan of the House, commenced to agitate the necessity of an Interstate Commerce Law. That all amounted to nothing for many years, but it is now a positive law, it is a great law. It has been made a good law by experiments and by amendments to the law, and it is doubtful whether the men who own and control the stock in the railroads on this continent today, would repeal that law. It was the best law that was ever passed for the corporations; the best law that was ever passed for the people. The State of Wisconsin has gone a good ways in placing upon its statute books, new legislation. That State is working it out and the rest of the States are patterning from it. The State of Texas, when I came to this country, was looked upon as a place of refuge for criminals; and that State today has the most advanced laws and is probably as well a governed State as there is in the American Union—growing rapidly, having stepped up until it has become the fifth State in the American Union. They are working out these new things. I was somewhat surprised to hear the Governor of Kansas say what he said tonight. I believe Kansas has among her laws the best tax laws of any State in the American Union. I tried my best to get the Legislature of Wyoming to adopt them. Kansas passed a "Blue-Sky Law" which has done a great deal of good to protect its people. It saved fourteen millions of dollars in two years in the State. The State has gone ahead; it has progressed; it has used this advanced legislation. The old States want to wake up to it just as the new ones have, and we want to make our legislation radical with reference

to elections, because it is a burning shame that a man can go to that great body known as the United States Senate if only he will use money enough. Mr. Stephenson, a man whom I admired very much—I liked the man and I served with him in the United States House of Representatives—confessed that he spent something over a hundred thousand dollars; he didn't do it willingly or cheerfully, either, but they kept coming to him for more money and more money, until he was disgraced. The United States Senate was disgraced, the country was disgraced.

I say you can afford to be radical. You will pass some laws probably that will not accomplish what you want to accomplish, but you will modify them, you will amend them, and you will find they will cure some of the evils that exist, but not all of them.

Fortunately there has been a Western country. We know that much of the new legislation that is good, has been inaugurated in the Colonies of Great Britain; much that is good, was conceived when our States were colonies. Town governments were formed and they got close to the people. They experimented and learned what was best for the country. For this same reason Australia has probably adopted the best law with reference to titles; the best law with reference to the distribution of water over the arid lands; the best law with reference to leaseholds on these large bodies of lands; and we do know that she has adopted the very best law with reference to the ballot, which has also been adopted in this country. We have attained enormous benefit from these laws. Ever since we have placed upon the statute books the headless ballot, giving an opportunity for independent voting, the skillful politician has gone to the legislature and shown that the law is not for the benefit of the politician, and they have had it amended until they have ruined it in many of the States, just as they have ruined it in our State.

GOVERNOR AMMONS—We have gone the other way. It has taken us twenty years to get to the pure Australian ballot, from the compromise or from the imitation of it which we started out with. We have now the pure Australian ballot.

GOVERNOR McGOVERN—It is your contention that we should not adopt the half measure?

GOVERNOR CAREY—I believe, to permit you to spend five thousand dollars, you will go and spend ten thousand if it is necessary, and if you don't, somebody else will spend it for you, some agent will go out; and we all know, and you know, that where these statements of election expenses have been published, in many of the States, they have been shown to be false, that the men who made those statements and swore to them, committed perjury. We want to have it taken entirely out of the hands of the candidates. If it costs five thousand dollars to elect a Governor, the State should pay for it; if it costs a thousand or more to elect a good Sheriff in a County, the County should pay for it. It doesn't take any more money. The only thing is, it leaves the salaries to the officers elected, as it was intended by legislation on that subject, that the officers should have. I believe it will stop much of the corruption in politics. (Applause.)

CHAIRMAN DUNNE—Does any other gentleman care to be heard? If not, we will now go into executive session.

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## EXECUTIVE SESSION

The Conference resolved itself into an Executive Session, Governor Dunne of Illinois, in the chair.

Upon invitation of Governor McGovern, Madison, Wisconsin, was selected, by unanimous vote, as the next place of meeting and the exact date of meeting was left to be fixed by the Executive Committee.

On motion duly made and seconded, Governors McGovern, of Wisconsin, O'Neal, of Alabama, and Ammons, of Colorado were chosen as members of the Executive Committee for the ensuing year.

The Treasurer's report was read, referred to the Executive Committee, and was afterwards approved. Said report is as follows:

COLORADO SPRINGS, August 26th, 1913.

JOHN FRANKLIN FORT, Treasurer,

IN ACCOUNT WITH THE GOVERNOR'S CONFERENCE.

1912.

## RECEIPTS.

Dec. 28. Received from M. C. Riley, Secretary, the  
following assessments from States:

|                   |          |
|-------------------|----------|
| Connecticut ..... | \$150 00 |
| Florida .....     | 175 00   |
| Illinois .....    | 150 00   |
| Maine .....       | 150 00   |
| Montana .....     | 150 00   |
| New York.....     | 150 00   |
| Ohio .....        | 150 00   |
| Rhode Island..... | 150 00   |
| Virginia .....    | 150 00   |
| Wisconsin .....   | 150 00   |

1913.

|                              |        |
|------------------------------|--------|
| Jan. 3. New Mexico.....      | 150 00 |
| Jan. 8. Alabama .....        | 150 00 |
| Jan. 8. New Jersey..         | 150 00 |
| Jan. 17. Massachusetts ..... | 150 00 |
| Jan. 17. Utah .....          | 150 00 |
| Jan. 31. Colorado .....      | 100 00 |
| Jan. 31. Maryland .....      | 150 00 |
| Mar. 17. Delaware .....      | 150 00 |
| Mar. 31. Wyoming .....       | 150 00 |
| Apr. 3. Missouri .....       | 150 00 |
| Apr. 24. Vermont .....       | 150 00 |
| Apr. 30. Idaho .....         | 150 00 |
| May 7. Nevada .....          | 150 00 |
| June 30. Minnesota .....     | 150 00 |
| July 7. New Hampshire.....   | 150 00 |

|                                    |            |
|------------------------------------|------------|
| Total receipts.....                | \$3,725 00 |
| Add bank interest on deposits..... | 14 11      |
| Total in bank.....                 | \$3,739 11 |

## DISBURSEMENTS.

1912.

|          |  |            |
|----------|--|------------|
| Dec. 31. | Check to Judson Harmon for expenses and printing in matter of Brief for Governors before Supreme Court United States in rate cases (Voucher No. 1).....                                    | \$145 35   |
| 1913.    |  |            |
| Jan. 3.  | Check to M. C. Riley, Secretary, account salary and expenses per bill and statement (Voucher No. 2).....   | 500 00     |
| Jan. 30. | Check to J. Franklin Fort for balance due him for overpayments for printing proceedings of Conferences, per statement made at Richmond Conference and approved by Executive Committee..... | 971 50     |
| Jan. 30. | Check to M. C. Riley, Secretary, balance of his statement for salary and expenses to January 1, 1913.....  | 356 64     |
| Feb. 13. | Check for cash for stamps for sending special bound copies of proceedings to Governors (15c each).....   | 4 50       |
| Aug. 7.  | Check to M. C. Riley, Secretary, for expenses per statement approved by Executive Committee .....  | 162 17     |
|          | Total disbursements.....   | \$2,140 16 |

## SUMMARY.

|                                    |            |
|------------------------------------|------------|
| Total receipts.....                | \$3,739 11 |
| Total disbursements .....          | 2,140 16   |
| Balance in hands of Treasurer..... | \$1,598 95 |

Respectfully submitted,

JOHN FRANKLIN FORT,

*Treasurer.*

The Secretary's report was read, referred to the Executive Committee and approved by the Executive Committee before adjournment. Said report is as follows:

#### SECRETARY'S FINANCIAL REPORT.

Jan. 1 to Sept. 1, 1913.

##### RECEIPTS.

|                     |            |
|---------------------|------------|
| Alabama .....       | \$150 00   |
| Colorado .....      | 100 00     |
| Connecticut .....   | 150 00     |
| Delaware .....      | 150 00     |
| Florida .....       | 175 00     |
| Idaho .....         | 150 00     |
| Illinois .....      | 150 00     |
| Maine .....         | 150 00     |
| Maryland .....      | 150 00     |
| Massachusetts ..... | 150 00     |
| Minnesota .....     | 150 00     |
| Missouri .....      | 150 00     |
| Montana .....       | 150 00     |
| Nevada .....        | 150 00     |
| New Hampshire.....  | 150 00     |
| New Jersey.....     | 150 00     |
| New Mexico.....     | 150 00     |
| New York.....       | 150 00     |
| Ohio .....          | 150 00     |
| Rhode Island.....   | 150 00     |
| Utah .....          | 150 00     |
| Vermont .....       | 150 00     |
| Virginia .....      | 150 00     |
| Wisconsin .....     | 150 00     |
| Wyoming .....       | 150 00     |
| <br>                |            |
| Total receipts..... | \$3,725 00 |

## DISBURSEMENTS.

|  |            |
|--|------------|
| Forwarded to Treasurer John F. Fort..... | \$3,725 00 |
|--|------------|

## BILLS PAYABLE.

|  |            |
|--|------------|
| M. C. Riley, Secretary, Salary to Sept. 1..... | \$1,000 00 |
| Attending Colorado Springs Meeting (Est.)..... | 110 00     |
| Printing and binding annual report.....        | 800 00     |
| Printing program.....                          | 12 00      |
| Telegraph, postage and drayage.....            | 14 70      |

|   |            |
|---|------------|
| Total bills payable to Sept. 1, 1913..... | \$1,936 70 |
| Cash on hand (Treasurer's report).....    | 1,598 95   |

|              |          |
|--------------|----------|
| Deficit..... | \$337 75 |
|--------------|----------|

## EXPENSE JAN. 1 TO SEPT. 1, 1913.

|                               |            |
|-------------------------------|------------|
| Bills payable.....            | \$1,936 70 |
| Paid to Secretary (Exp.)..... | 162 17     |

|                                |            |
|--------------------------------|------------|
| Respectfully submitted,        | \$2,098 87 |
| M. C. RILEY, <i>Secretary.</i> |            |

Governor McGovern moved that the Constitution be amended so that the office of Secretary and Treasurer be separated, and that the two offices be distinct and occupied by two separate persons.

The motion was duly seconded, was put by the Chairman and was declared unanimously carried.

Upon motion duly made and seconded, Mr. Miles C. Riley, of Madison, Wisconsin, was unanimously elected Secretary for the ensuing year.

On motion duly made and seconded, Ex-Governor John Franklin Fort, of Newark, N. J., was unanimously elected to the office of Treasurer for the ensuing year.

On motion made by Governor Stewart, duly seconded, the salary of the Secretary was fixed at fifteen hundred dollars for the ensuing year.

There being no further business before the Executive Session, the same was dissolved.

On motion duly made and seconded, the Conference adjourned until ten o'clock A. M., Thursday, August 28, 1913.

## THIRD DAY

THURSDAY, AUGUST 28, 1913.

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### MORNING SESSION

The Conference was called to order at ten o'clock by Governor Hatfield, of West Virginia, in the chair.

CHAIRMAN HATFIELD—The Conference will come to order. I wish to thank this Conference for its invitation in asking me to preside over this morning's session. There is no organization, Gentlemen, that is in existence that can accomplish so much for the American people, as can this organization of the Chief Executives of the different Commonwealths of this nation, if this meeting is conducted in the proper way by the exchange of ideas looking toward more uniform laws, based upon economic principles.

A few days ago I was called upon to appoint a member to fill a vacancy in the delegates selected to represent our State at the International Conference on Uniformity of Laws, which is now in session at Montreal, Canada. The Conference of the Governors is, in my mind, a more important body and can accomplish more if they properly apply the time that is spent at this Conference, than can the Conference on Uniformity of Laws for the different States. Why? Because when we meet as Governors representing the different States of this great Union of ours, and discuss freely, without hesitation, the conditions of the internal affairs of the different states we represent, we give to each and every one who represents his State, whether he be a Lieutenant-Governor, a Governor, or a Senator, new thought and new inspiration that he can carry home and instill into the minds of his co-workers and supporters, with a view of better and greater accomplishments for the American people, by and through these meetings, and can accomplish in a short period of time more of

the principles of uniformity of state laws than by any other method.

The trend of time in the last few years is more toward sane and rational principles based upon the teachings of our fathers and upon which our government was founded. The people of this country are taking more interest in governmental affairs today than ever before. They demand recognition and consideration from different political parties at this period of American history in a manner in which they have never done before. The political conventions have practically been relegated to the past and the people insist upon selecting their standard bearers for the different parties they represent at the ballot box, and justly so.

I do not care to make a speech, but I have been fully convinced of the great good that can be brought about by and through the yearly meetings of the Governors from the different States. I feel amply rewarded already for the forty-eight hours it took to bring me to Colorado Springs.

I was interested last night when the Governor of Wisconsin spoke of in some way taking care of the expenses of the Governors to and from this meeting. I do not believe it is so much the amount of money expended to bring the Governors to or take them from this conference, but to me the thing we should do, Gentlemen, is to indicate to the Governors of the different States what our intentions are and what our meetings are for, and what we propose to accomplish by these meetings, and to give to each and every Governor as soon after these conferences are held as is possible, a full and complete discussion of all subjects that were presented at our meeting. I wish to say frankly that during my term as Governor, which is for four years beginning with March 4th, 1913, I shall be on hand on every occasion at the Governors' Conference, and if I am not, I assure you I will have some good reasons to present for my absence. (Applause.)

LIEUTENANT-GOVERNOR WALLACE (of California)—Mr. Chairman: I have been asked by Governor Johnson to present a request from the Panama-Pacific International Exposition to this body. I have to leave today, and may I do so at this time, as briefly as possible?

GOVERNOR DUNNE—I move that the regular order be suspended and consent be given to the Lieutenant-Governor of California, to present his request.

The motion being duly seconded, was put and carried.

LIEUTENANT-GOVERNOR WALLACE—Mr. Chairman and Governors, each one the Governor of the most important State of the Union: I have here that which I shall not read, but it is an invitation from the Panama-Pacific International Exposition to this Board of Governors, asking you to hold your annual meeting there two years from now, namely, in 1915. I know you are sure to do it without any urging from me in the the matter. I had intended presenting the matter last night when you fixed the place of meeting for the coming year, but the discussion showed that you expected to hold your meeting in San Francisco in 1915. I will not tell you that I have something more important to bring to your attention than anything that has come up yet, but please yield me your thought as well as your time for a serious consideration of this question. We have had so many expositions that the word has grown a little tiresome. We had an exposition in Philadelphia and it was called the Centennial Exposition, because it celebrated the greatness of the men from whom our Nation sprung. It was worth while having it; we were told by it how well things were done one hundred years before. We had one in Chicago and were told, by having that, of an event that occurred four hundred years before; and we had one in St. Louis, and we celebrated by that exposition the great Louisiana Purchase and all that that meant. But in every case, by celebrating those expositions, or the having of them, we told of our admiration for things done long ago—of the great achievements and the worthy acts of our fathers.

Gentlemen, our exposition in San Francisco is not of that character. We are saying to the world that we are just about as big as the men who preceded us in these United States, and we are celebrating something of today—this great Panama Canal. Why, gentlemen, nothing has been done since you were born, since the nation was born, since man was created, nothing that has been done, of a peaceful nature, in the way of physical or material construction, compares with the Canal. I will not argue it. I will only mention it. It was very fitting indeed,

that the President of the United States, and Congress, should select a spot in this great country of ours, at which we should celebrate this most marvelous event. It happens that San Francisco was selected. We are not here asking you out of city pride, or State pride, to do things for this exposition. We are asking you, because you are Americans, because you are Governors representing the great American Commonwealths, to do all in your power to serve the people of your State, to make this Exposition a thing that the world will talk of, and something so big that the whole of the countries of this world will realize it was worth while, and that it stands in a class by itself as an exposition. Can you do it, gentlemen? Twenty-two or twenty-three of your own States have already selected their sites. If any of you have selected your sites, do not forget to get to work upon your buildings. I was there the other day, over the grounds, and the exposition authorities themselves are very busily at work. There is one building already shaped, roof and all, nine hundred and sixty-seven feet long and three hundred and sixty-seven feet wide, covering more space than all the exposition buildings at the Buffalo Exposition—so they are at work. Get your buildings so they will be done three months before the opening of the exposition. Twenty-three States have already selected their sites, twenty-seven foreign countries have already engaged to exhibit and have selected their sites.

Now, gentlemen, there are more than twenty-three States in the United States, and some of you, in your States, are going to have your legislatures assemble this winter, and you Governors are undoubtedly going to present the case to them in the most vigorous way possible, so they shall make preparations and do all that can be done to do their part.

A few States have not done anything. The world is going to come to our doors, and the world is going to know whether we are loyal to ourselves. The loyalty of our country, to this great movement, and the purpose to make the best show possible before all the nations of the world, should stimulate every Governor and every State to do something to be duly represented there. That is not all. Have you thought of this? The people of California have contributed five million dollars; the city of San Francisco another five million, while the citizens of San

Francisco have given, by private contributions, seven millions more. The people of the State of California are offering you sixteen or seventeen million dollars to advertise your State. Now, if it be true that your State stands out away and above other States, if it is as big a thing as you think it is, advertise it; don't you know the people of your State are going to that Exposition, and when they go there and find the people of their State have no exhibit, they are going to feel a little lonesome and they are going to feel chagrined because their State is not taking part in this great World's Exposition with the other States in the Union? I am not here to argue. I am only here, if possible, to impress you afresh with the very great necessity of doing your part as a State, and the fact that sixteen million dollars are offered to you to help you advertise the wonders of your State. It is going to be very peculiarly an advertising exposition. It is going to be very peculiarly an exposition that is going to count on the commercial side of our country. Japan has opened its eyes and has become a world nation. China is alert, and the commerce that this country, even you in New England, are going to carry on with these two great awakening nations, is going to be something very, very vast. So it is up to you, as individual States, to do all that you can. If there is anything you would like to ask, if there is anything you would like to say that would stimulate us in the West to do better than we are doing, we would like to hear from you. I only want to say to you as Governors, if you have made no preparation, get your legislatures together and prepare. If you cannot get your legislatures together, or ought not to do it, get the great commercial bodies in your State aroused to the importance of this thing, and by taking this matter up either officially or unofficially, but officially if possible, get the people of your State to know that it is going to be their great loss if they are not fully represented at this exposition. We think it is going to stand as an exposition, by itself. Do you know how it is? Here is a great tract of land and the ocean right opposite it, and the Golden Gate just a little further along, and the water demonstrations that will be developed there in connection with the exposition, right along the shore, are going to be something very wonderful and very charming, and I warn you that you are not going to be very popular with the people of

the State if you are not going to stimulate them to come by tens and hundreds of thousands, and you will not be quite fair to yourselves, when you want re-election, if you are going to let the people come to that exposition and find you haven't a building or an exhibit.

Come to San Francisco, bring your people to San Francisco, but whether you come or bring your people, or not, make an appropriation for that great World's Fair as soon as you get home. (Applause.)

The Secretary read an invitation from the Mine Owners' Association, to the Governors and their friends to visit Cripple Creek during their trip West; also a communication from the Chamber of Commerce of Trinidad, Colorado, to visit that city before returning.

GOVERNOR AMMONS—Mr. Chairman, may I say a word? While it takes a day to make the trip to Cripple Creek, this would be a great opportunity for you. It is a very beautiful road from here to the mining camp, which is probably one of the most wonderful in the world. It would be very entertaining for any of you who have not made that trip, and perhaps some of your friends here and visitors would like to make it.

GOVERNOR DUNNE—When are we supposed to make it?

The Secretary announced that no particular time had been fixed.

CHAIRMAN HATFIELD—The first order of business is a paper by Governor O'Neal, on the "Distrust of State Legislatures—the Cause; the Remedy."

#### "DISTRUST OF STATE LEGISLATURES—THE CAUSE; THE REMEDY."

GOVERNOR EMMET O'NEAL OF ALABAMA.

At the beginning of the Constitutional era in American history, a decided distrust of executive power was manifested. In the State constitutions of the Revolutionary period, there was a marked tendency to enlarge the legislative power at the expense of the other departments of government. All important civil and military officers were elected by the legislature, and that body

exercised many of the administrative and executive functions of the Chief Magistrate. There were no restrictions upon legislative power or competency except such as might be found in the Bill of Rights or Federal Constitution. Madison declared in 1787 that "the Executive are little more than cyphers; the legislatures are omnipotent."

Following that period, students of our State governments will discover a gradual, but steady, tendency to withdraw from our legislatures all their executive and administrative powers and to restore them to the Governor or the electorate. Even before the Civil War, although the legislature was the regulating and controlling force in most of the State governments, we can but discern in all the new constitutions and all amendments of those in existence, an unmistakable manifestation of a tendency to limit legislative power. The reaction toward Democracy which swept over the country during the early part of the last century served to curtail the power of appointment both by the legislature and by the Governor and lodge it in the people.

After the close of the Civil War, distrust of the legislature became more evident, and since that period this distrust has almost ripened into open hostility. Mr. Lecky states that a growing distrust and contempt for representative bodies has been one of the most characteristic features of the closing years of the Nineteenth Century. Another has said, "The American people are fairly content with their executive and judicial departments of government, but they feel that their lawmaking bodies have painfully failed." This distrustful and reactionary mood of modern democracy finds expression in nearly every recent publication on the subject, and in the press and periodical literature of the day. Nor is this distrust confined to State legislatures. It embraces all grades of legislatures—municipal, State, and Federal. Even so eminent an authority as Mr. Dicey said, "Faith in parliaments has undergone an eclipse. In proportion as the arm of representative government has extended, so the moral authority and prestige of representative government has diminished."

However harsh these criticisms may seem, however much they may clash with our preconceived views of representative government, candor compels the impartial observer to admit that the

efficiency and character of State legislatures has been lowered and that general distrust has succeeded what at one time was universal and unreserved confidence. This distrust has in many States grown into open contempt for our lawmaking bodies. In many, if not a majority, of the States, a session of the legislature is looked upon as something in the nature of an unavoidable public calamity. Business becomes alarmed, industrial development and investment are checked and halted, and there is a general apprehension that the results of the legislative session instead of being beneficial, will be injurious to the public interests. While it may be recognized that legislation on certain subjects is necessary for the progress of a State, the public have largely ceased to expect that wise or just laws will be enacted. This growing distrust of popular legislative bodies is shown by the fact that the public expect that the sum total of legislative activity will be more injurious than beneficial, that not only is the convening of the legislature looked forward to with dread, but while it is in session, a spirit of unrest prevails, and an adjournment is always hailed with a genuine sense of relief.

The overshadowing influence given the legislature in the first State constitutions has been followed by a slow, but steady, movement to curtail and limit the absolute power which these bodies originally possessed. The history of State legislatures since the Revolution would be simply a record of the various methods and devices which have been adopted to limit and restrict legislative power and competency. The evils incident to our system of legislation, we have sought to correct, not by improving our legislative machinery—not by elevating the character and tone of the membership of our legislative bodies—but by numerous constitutional requirements shackling their freedom and limiting their power. We have come to believe that the legislature, like a strong man inflamed by violent passion and dominated by wicked influences, was likely to "run amuck," trampling down the interests of the just and the unjust alike; and hence we have sought not to reform the patient, but to lessen his capacity for evil, by shackling his limbs and putting him in a strait-jacket.

The Federal Congress can only exercise the powers specifically enumerated in the Federal Constitution, but the State legislatures

have no limitation on their authority save those found in the State or Federal Constitutions. Disappointment with the results which our legislatures have achieved has unquestionably created a general distrust, which has found expression in every modern State Constitution in numerous prohibitions, restrictions and limitations on the legislative power. The methods by which the State legislatures have been shorn of their authority and competency may be briefly summarized as follows:

First, we have attempted to lessen legislative activity and to check the ever increasing flood of legislative enactments by limiting the duration of legislative sessions and making them less frequent;

Second, we have defined and regulated in the most minute details each step in legislative procedure, in order to avoid hasty, ill considered, badly framed, or unnecessary legislation;

Third, we have undertaken to check the increasing volume of local and special laws by specific prohibitions and by requiring general laws for the protection of local and private interests;

Fourth, we have created a veto power and largely extended its uses;

Fifth, we have provided express limitations on legislative power as to the subject-matter of laws, and have thereby opened an ever increasing domain of judicial construction and controversy;

Sixth, the favorite method of restricting legislative authority, responsibility and competency is found in the recent tendency to incorporate ordinary legislation in State Constitutions—circumscribing by the most narrow limits the extent of legislative power, the means by which it can be exercised, and minute definitions of the organization and functions of the various branches of government—the necessary results of which have been to greatly increase the power of the judiciary over legislation;

Seventh, express prohibition of legislation on certain subjects;

Eighth, by the adoption of the initiative and referendum, not only as to matters of constitutional revision, but the ordinary legislation of state-wide interest.

Yet, notwithstanding these various methods adopted to increase the efficiency and tone of our legislative bodies, we are forced to admit that they have largely failed to improve the legislative

output. Local legislation has been lessened, but by various devices legislatures have found ways to evade and nullify the prohibitions which the recent constitutions may have established. Moreover, candor compels us to admit that restrictions on local legislation have in many cases worked unnecessary hardship and have been the prolific source of litigation in the courts. Careful students of the workings of our State legislatures have reached the conclusion that legislative inefficiency has been increased rather than diminished in proportion as legislative power and responsibility have been lessened. It would seem that many of the remedies we have adopted to prevent hasty, ill considered, or badly framed legislation and to protect the public against the baleful influences of special interests, have only served to increase the evils we sought to remedy.

#### BIENNIAL SESSIONS.

The most generally accepted and radical measures employed by the States to relieve and check the inefficiency and corruption of legislative bodies has been the biennial session. In the early part of the Nineteenth Century, the legislatures met annually, and there was no restriction upon the length of their sessions. Although formerly annual sessions were the common practice, at present only six States allow their legislatures to meet every year. One Southern State, despairing of legislative reform, allows its legislature to meet only once in four years. Another State (Mississippi) has its regular session quadrennially, but provides for a special session every alternate year, limiting legislation to such subjects as may be presented by the message of the Governor.

Mr. Bryce says the American people reason thus: "Since the legislature is very far gone from righteousness and of its own nature inclined to do evil, the less chance it has of doing evil, the better. If it meets, it will pass bad laws. Let us, therefore, prevent it from meeting." If this argument is sound—if the evils of legislation are incurable—if we who claim to be the leaders in popular government despair of devising any system by which bad laws can be prevented,—why, it may be asked, should we take any chances by permitting the legislature to be assembled at all? Instead of mitigating the evils of legislative activity by

making them intermittent, why should we not abolish the legislature and adopt the suggestion now seriously proposed, of committing the lawmaking power to a commission of experts? These suggestions, which follow as a logical sequence of the evident distrust of legislative bodies, so marked a phenomenon of modern political thought, it has been correctly declared, is rather a humiliating position for a self-governing Democracy to take. The whole argument in favor of biennial sessions is evidently based on the assumption that because our legislatures have passed bad laws, have often proven corrupt, have many times flagrantly betrayed the interests of their constituents, and have allowed public-service and favor-seeking corporations and other great industrial enterprises to secure franchises, privileges, and exceptions detrimental to the public welfare, and have converted our lawmaking bodies into agencies of class advantage and personal profit, representative government has proven a failure, and that all efforts to reform or improve conditions are hopeless.

This is the language of despair, and the conclusion is not as correct as it may seem obvious. The corruption and incompetence of many of our legislatures may be admitted; but it does not necessarily follow that the people can never trust their representatives to serve them honestly and efficiently. It does not follow that the whole system should be condemned because many individual legislators have betrayed their trust; for such a course of reasoning, a recent writer has said, is precisely the same as that which prompted the Athenian Democracy to order the execution of an unsuccessful general. On the contrary, an impartial study and analysis of the causes of legislative inefficiency and corruption will show that they are due to defective methods of procedure and organization, to the autocratic and dangerous powers invested in speakers and committees, to unwise restrictions on legislative responsibility—to the action of Constitutional Conventions in hedging legislative power with too many limitations, lowering the standard of membership and discouraging men of talent and public spirit from seeking legislative membership—to the opportunities which our legislative organization, rules, and methods of procedure furnish to machine politicians and political bosses and selfish special interests to acquire control. It will be found, as has been truly said, that the legislatures have been

more corrupt and more incompetent in exactly the same proportion that they have been increasingly deprived of power and their responsibility restricted.

But the chief argument in favor of biennial meetings of the legislature with limited sessions is that it will serve to check legislative activity and prevent the enactment of unwise, hasty, and ill-considered legislation. No one will deny that in all the States of the Union, with their increasing population, industrial and economic development and wealth, legislation on various subjects is absolutely necessary, and that many laws require revision and modification; but the evil feared, and which it was proposed to eliminate, was the passage and repeal of too many laws, by means of greater deliberation and consideration of all matters of legislation. Yet, paradoxical as it may seem, the remedy has proven to be the chief cause of the evil we have sought to avoid. Every one, familiar with the practical workings of our State legislatures, knows that the most prolific cause of unwise, unnecessary, ill-considered, and vicious legislation is the want of sufficient time for deliberation, investigation, and debate, so essential to just and wise legislation. Considering the vast mass of legislation that is required in those States whose increasing population, development, and business activity are continually enlarging the domain of legislative action, as well as the time required for the passage of necessary bills for the operation of State governments, it cannot be denied that with biennial sessions with limited terms, there is a want of sufficient time for that calm deliberation, that thorough investigation, debate, and discussion, without which experience has demonstrated it is impossible to secure wise and just laws.

If every measure of general importance offered in the legislature was submitted to the search-light of full and free discussion, if ample time was allowed for hearings and debate, if full opportunity was given alike to advocates and opponents to discuss the merits and defects of every bill, if committee meetings were open and full records kept of their action, and the present dark-lantern methods and concealments which characterize committee meetings and hearings were abolished, it would necessarily follow that many laws which upon their introduction seemingly had the support of a majority of the legislature and were appar-

ently sustained by public opinion would be allowed by general consent to slumber indefinitely in the files of the committee-room. It being admitted that insufficient time for investigation, inadequate machinery, absence of notice to parties affected, unseemly hurry, haste, and want of method are the chief causes of bad legislation, how can it be seriously claimed that these evils will be cured by adopting the very system by which they are produced or intensified? With what logic or consistency can we advocate a legislative system which produces the very evils which we seek to avoid? If we dammed up the flood-waters of the Mississippi for two years and then turned them loose, we might delay, but, instead of preventing, would only increase and intensify, the havoc and ruin which would be wrought. Biennial sessions only increase legislative pressure. The legislative stream is dammed up for two years, and then we open wide the gates, allowing its force to be spent, not by gradual flow, but by the overpowering rush of all its pent-up fury. This ready relief offered by the biennial session, and which we have so confidently guaranteed to cure all our legislative ills, some writer says is on a par with the quack remedy of Dr. Sangrado "When the body is sick the blood is sick. Take from the patient half of his sick blood, and he is but half as sick as he was. Our legislatures do more harm when they meet than good. Cut their years of meeting to one-half, and presto! but half the mischief."

#### AN ALABAMA EXPERIMENT.

The Constitutional Convention of Alabama of 1901, not content with biennial sessions of the legislature, undertook to carry still further the policy of restricting legislative activity by providing that the legislature should meet in regular session only once in every four years, and by limiting the time of such session to fifty legislative days. A review of the causes that induced so radical a change; as well as the practical workings of the quadrennial system since its adoption, would not only be instructive, but would serve to show that the quadrennial only intensified the evils of the biennial system.

From the date of its admission as a State till the adoption of the Constitution of 1875, the legislature of Alabama met annually. There were few restrictions upon the competency of the legislative

department or its methods of procedure in the enactment of laws. Commencing with the Constitution of 1875, we find that the first instance of distrust of the legislature was manifested by numerous limitations on legislative power, prohibitions of a certain character of legislation, and minute restrictions and regulation as to the methods of procedure in the passage of bills. The most notable change, however, which was effected by that Constitution was the establishment of biennial sessions limited to sixty legislative days. Yet notwithstanding the restrictions upon legislative competency and legislative activity provided by the Constitution of 1875, it was found, when the Constitutional Convention of 1901 assembled, that the biennial session, limited to sixty days, had not checked or lessened, but rather increased, the volume of legislative enactments. Hence the Constitutional Convention of 1901, in a spirit of impatience, disappointed by the results of the biennial session, boldly embarked the State upon a new and untried experiment—that of quadrennial sessions of the legislature limited to fifty days. If intermissions of two years in the meeting of the lawmaking body could not put a stop to excessive legislative activity, it was vainly believed that by increasing the interval from two to four years we could find the panacea for all of our legislative ills. Not only did the framers of the Alabama Constitution of 1901 introduce the quadriennial system, but distrust of the legislature was further evidenced by narrowing the field of legislative action by increased restrictions upon the methods of procedure in the enactment of laws and by express prohibitions of local legislation on certain designed subjects. The prohibition against local legislation found in the Constitution of 1875 had proved ineffective, because the courts had held that the legislature, and not the courts, were the final and exclusive judges of what constituted a local law. Hence the article on local legislation which, as chairman of the committee, I introduced, not only contained prohibitions of local, special, or private laws on thirty enumerated subjects, but provided that the courts, and not the legislature, should determine whether a local law was on a subject which could be provided for by a general law, as well as that the relief sought could be provided for by the courts. The legislature was required to pass general laws on the subjects enumerated, as to which local legislation was expressly prohibited.

On all subjects where local legislation was permitted, four weeks' notice by publication of the substance of the law was required, and proof of such notice could be made only by entries upon the legislative journal. There is no doubt about the fact that the provisions of the Constitution of 1901 as to local legislation resulted in enormously decreasing the volume of local laws. The framers of the Constitution of 1901 recognized that local legislation had destroyed the harmony and symmetry of the laws, converting the local member into the sole and final arbiter of all legislation affecting his particular locality—had introduced into our lawmaking body all the methods of intrigue, jobbery, and log-rolling which had been so long the scandal of every legislative session. Through the evil effects of this system, the more important functions of general legislation had been overlooked, and by the gradual growth of custom or legislative courtesy, a local law, however unwise, vicious, or unnecessary, if supported by the local member, was rarely discussed or questioned. By the influence of this system of local legislation, the Alabama legislature had largely ceased to be a deliberative assembly, engaged in the more serious concerns of State, but had frittered away its time in the consideration and passage of local and private bills. Yet, while the prohibitions contained in the Constitution of 1901 have largely checked the volume of local laws and have elevated the tone of the legislature, it cannot be denied that it has also resulted in largely increasing litigation in the courts and its wise provisions have often been avoided by legislative subterfuges and devices.

The principal argument in favor of the quadrennial session was incorporated in the report of the chairman of the committee on the legislative department. It said that, "in view of the prohibition to be placed on the legislative power to pass local laws, there will hereafter be neither a demand nor a necessity for biennial sessions." The report then proceeds to say, "The change is recommended on the additional ground that it will prevent hasty and ill advised attempts to repeal general laws before they have been long enough in force to admit a fair test of their merits, and it will also conduce, by removing early opportunity for repeal, to mature and careful deliberation by the legislature."

Unfortunately, both of these confident predictions failed of verification by the test of actual experience. The prohibition of local legislation did not result in lessening the demand for general legislation. Instead of preventing, the quadrennial system has proven to be the most prolific source yet devised for hasty, ill advised, and ill considered legislation. The vice of the system was that it denied the people for four years the right to repeal or revise vicious or unwise legislation. The right of the people to self-government was suspended for four years, and during that period they were forced to endure without remedy the evil effects of any bad laws that might exist upon the statute books. In a growing and progressive State, the demand for legislation on various subjects must necessarily increase in proportion to advance in industrial development and the new and unexpected problems which the inventive genius and scientific discoveries of the age may create.

Prior to my term of office, two regular sessions of the legislature had been held since the adoption of the present Constitution. When my predecessor entered upon his office on January 15th, 1907, the regular session of the legislature had been sitting since the 8th day of January. By adjournments and recesses, this session, limited to fifty, legislative days, was extend to the middle of August. In addition to the regular session, the legislature was twice convened in special session before I entered upon the discharge of my duties in January, 1911. An examination of the decisions of the Supreme Court of Alabama and of the United States shows that more laws enacted during these four sessions, since the establishment of the quadrennial system fell on attack before the courts as unconstitutional, than all the laws which had been invalidated for the same reason during the quarter of a century in which the biennial system prevailed in the State. Certainly, from the introduction of the biennial system in 1875, including the four sessions held under the quadrennial system, more legislative enactments were declared unconstitutional by the courts than during all the period which had elapsed from the admission of the State to the Union, in 1819, down to 1875.

Under the Constitution of Alabama, the Governor can call the legislature in special session on extraordinary occasions, but

these sessions are limited to thirty days, and can only consider (except by a two-thirds vote) the subjects embraced in the call. At each of the four sessions held under the quadrennial system prior to my administration, there was an unusual number of subjects demanding legislative action. The pressure of the legislative stream, pent up for four years, threatened to break all barriers. In addition to the new revenue and appropriation bills required at each regular session, and necessary for the proper administration of the State government, each department and the various business, industrial and municipal organizations of the State demanded some character of legislation. Many laws, shown by experience to be unwise or defective, were to be repealed. General laws were to be passed in place of the flood of local legislation, and new and perplexing problems were to be settled and new interests and rights protected and guarded by law. Yet only fifty days was the time allowed for the consideration of all this important work at the regular session, and thirty days at the special session—scarcely time enough to consider and debate the statute on municipal government. The necessary result was that bills were rushed to committees, and, to secure a speedy passage, "railroaded" from the committees almost without hearings, debate, or consideration, and put upon final passage. Feverish and unseemly haste was the order of the day. Every consideration was subservient to the paramount question of the enactment of the law before adjournment. There were few debates, and although every bill was necessarily referred to a committee, they received but scant consideration at their hands. The necessary result was that a greater assortment of crude, ill considered, and vicious legislation was enacted than at any previous period in the history of the State. Instead of being a deliberative body, charged with the important task of investigating, debating, and considering fully every bill proposed, the legislature became an assembly of men called from private life, entrusted with a vast and important mass of legislation and summarily ordered by a constitutional provision to conclude their work with railroad speed. Many of the statutes passed at the regular and called sessions of the legislature, during the administration of my predecessor, were attacked in the courts, and the majority fell before the tests of the Constitution. Fail-

ure to observe the plain and manifest provisions of the Constitution was shown in the enactment of legislation of the gravest importance, as well as open denial of constitutional rights. So widespread and general was the slaughter of the work of the regular and general session of the legislature of 1907 by the courts of last resort, that a special session was held to correct the mistakes at the regular session. Plain requirements of the Constitution, as to the methods of procedure in the passage of bills, were ignored, and palpable violations of constitutional guarantees were committed.

When I entered upon the discharge of my duties in January, 1911, the third regular quadrennial session of the legislature had convened. The experience of former sessions impressed me with the conviction that it was my duty to adopt some method of preventing the passage of laws in violation of the mandates of the Constitution. To accomplish this purpose, I immediately employed an able and experienced attorney to read and carefully revise each bill presented, and I secured the enactment of a law authorizing the Governor to employ special counsel as his legal adviser in the discharge of his executive functions. The result of this caution, with my own knowledge of law, forced me to veto a large number of bills that were presented; but my veto was sustained in every instance. That the expense incurred was wise, was shown by the fact that not a single enactment of the last legislature of Alabama, during my administration, has been declared invalid by the courts. Enormous expense, as well as uncertainty and confusion, had resulted from the wholesale slaughter by the courts of the work of previous legislatures.

While the measures I adopted did result in preventing the passage of laws in palpable violation of constitutional provisions and methods of procedure, yet the fundamental evils of the quadrennial system still remained. There was a painful absence of sufficient time for careful deliberation, and many important measures, owing to the hurry and haste, were not considered at all. The special session did not furnish a remedy. If the regular session failed or refused to enact legislation demanded by the people the only remedy was a new legislature, fresh from the body of the people, ready and willing to execute their well considered judgment. If the regular session, whose

members serve for four years, passed vicious and unwise legislation, or refused to enact laws which the public interest demanded, it was rather a forlorn hope to expect that the auditors of such legislation, when called in special session, would be swift to undo their own work.

The quadrennial system has utterly failed to realize the sanguine hopes of its advocates, and no impartial observer of its effects can deny that it has flooded our statute-books with a greater collection of unwise, unconstitutional, and vicious legislation than ever before afflicted our commonwealth.

#### INITIATIVE AND REFERENDUM.

The most unmistakable evidence, however, of popular distrust of State legislatures is found in the rapid growth of the initiative and referendum. Mr. Bryce says that the initiative and referendum are the natural development of the processes which began with the introduction into State Constitutions of what were really ordinary laws, and no one, he says, can tell how far the new movement may spread. President Wilson said in 1911, "If we felt that we had genuine representative government in our State legislatures, no one would propose the initiative and referendum in America."

Technically, we have representative government, for the members of the legislature are elected by the people, under the provisions of our Constitutions. Yet we know that in many States, as has been truly said, "The legislatures act under conditions which make them the agents of the special interests, rather than representatives of the people." Yet no advocate of the initiative and referendum has ever contended that its purpose was to supplant the State legislature. It was intended, to use an expression of President Wilson, more as a "gun behind the door," to be used in an emergency, when the delegates elected by the people had flagrantly betrayed their trusts. The initiative and referendum, therefore, is merely a palliative—a temporary, and not a permanent, remedy. It cannot be substituted for the legislature, for the people will have neither the time, the inclination, nor the interest to consider the vast mass of legislation which every growing and prosperous State demands. The initiative and referendum must necessarily be confined to those subjects of

State-wide interest as to which popular opinion can be ascertained. As Mr. Bryce correctly says, "whatever may be the advantages, the demerits of the system are evident." It transfers from official lawmakers, acting under the solemnity and responsibility of their oath of office, the function of lawmaking to non-official lawmakers. Moreover, no one can deny that the effect of the system can but result in lowering the tone, lessening the authority, and largely destroying that sense of responsibility and of individual initiative so necessary for efficient legislation.

We complain of too much legislation; yet he has studied the subject in vain who does not recognize that excessive legislative activity is one of the necessary and spontaneous evolutions of modern conditions. An examination of the ever increasing volume of laws passed in the last quarter of a century shows beyond question that this legislative activity is of modern origin. While local and special laws have increased, general laws have also grown apace. Not only have the codes and statutes of every State been correspondingly increased, but the press is annually pouring forth a still larger body of reports and legal works. This increasing stream of legislation is confined to no particular State in the Union. It is to be attributed largely to the enormous business and industrial development of modern times. The rapid changes wrought in social conditions by scientific discoveries and mechanical inventions, which ramify and permeate every department of modern life, while adding largely to the sum of human comfort, have also created novel and intricate legal questions, for the solution of which we may seek in vain the principles and rules of the common law. To adjust the relations of modern life to the conditions they have created, a vast body of statute-law has necessarily grown up—statutes defining the rights, duties, and liabilities of telephone and telegraph companies, automobiles, wireless telegrams, bicycles, transmission of power by electricity, public service corporations, and the various inventions of modern times, alone constituting a formidable code of laws. Hence, modern activity in legislation is necessary, that the laws may keep pace with business, material, agricultural, and mechanical development and discovery.

It is idle, therefore, to expect that in this busy, hustling age, with the many intricate and difficult questions created by modern

civilization demanding legislative solution, the subject-matter of legislation will diminish. It is the part of wise statesmanship, therefore, to recognize that modern conditions have enormously enlarged the field of legislative activity, that every State must have a lawmaking body, and that all the remedies we have adopted to secure legislation which expresses the calm and deliberate judgment of the people are intended to reform, and not to destroy, representative government. What our State governments need is, not to sap the legislature of its powers, but to "reorganize it along simple lines and make it the real organ of public opinion."

Ours is a dual form of government. Our wonderful growth from a mere fringe of States bordering the Atlantic into a great and powerful republic was not due so much to the stimulating effect of the central authority as to the principles of local self-government, under which our States have grown into popular and mighty commonwealths. Congress, it is true, legislates; but its powers are defined and limited. On the contrary, the legislatures of the States possess all the powers of sovereign parliaments, except such limitations as are imposed by the State or Federal Constitution. The State legislatures more directly concern and affect the people than any other agency of government, and it is upon them that we must continue to rely for all the more important measures of self-government. The whole field of law is theirs—the regulation of domestic relations, of employer and employee, the adjustment of property rights, the definition and punishment of crimes, the regulation and establishment of corporations, the entire domain of contract, and the wider domain of commercial and municipal law. It has been truly said that there is one fact that stands out in bold relief in the political history of the world—the fact that central power is not vitalizing, and that to strip the States of their powers and transfer them to the general government would be a fatal blow to our economic and political growth. The lessons of history teach us that those governments which have longest survived and longest enjoyed the blessings of free institutions are the governments which have sacredly preserved and maintained the principle of local self-government. We should not permit our distrust of State legislatures to lead us to the conviction that their reform is hopeless.

and that our only recourse is their abolition and the adoption of some other system. Let us, therefore, ascertain what are the causes of this distrust of our State legislatures; and, having learned the causes, we will find that they are not fundamental, but can be cured by applying the proper remedies.

One of the strongest objections to our legislatures as now constituted is that the members represent only localities and are more concerned in promoting local legislation than in enacting necessary laws for the State at large. Under the system that prevails in nearly every State, the member must be a resident either of the district or the county. It would unquestionably elevate the tone and character of a State legislature if a certain proportion of its members were elected from the State at large, regardless of their geographical location. Such a radical change, however, would require amendments of the State Constitutions.

It is claimed that there has been a steady decline in the average standard of ability, independence, and intelligence of the membership of our State legislatures. That this is true, students of our government all agree. This decline may be due to some extent to the fact that the Federal Government has been gradually absorbing the reserved rights of the States, that State pride has lost some of its potent force, and that the central government is becoming the Mecca to which we are getting accustomed to look for the realization of our hopes of better government. There is no longer a leisure class in the country. In the South, in antebellum days, the ablest men in the State sat in legislative halls. State pride was more vital. The preservation of States' rights was a paramount question of the day, and hence our leading men, with settled incomes and abundant leisure, could afford to give their time and service to the State. Conditions, however, have changed. The present salary in almost every legislature is utterly inadequate. It would be better for the State to invite free service from her citizens than the miserable pittance she now offers. It is too often the case that the leading candidates are young men just commencing their careers, or professional politicians who hope to find in legislative halls an avenue to political preferment. The reorganization of our legislatures should be accompanied with the payment of salaries sufficient to com-

mand the services of the ablest men in the State, and the membership should be diminished, rather than increased.

It has been truly said that the members of the legislature have been active in securing their own supersession, and welcome the direct intervention of the people as relieving them of embarrassing problems. Mr. Bryce has observed that "it is this tendency to refer to the popular vote matters clearly within their own proper competence which has lessened public respect and also has produced a decline in the quality of the State legislature." There can be no doubt of the truth of his deduction. It is this timidity, this loss of independence, this readiness of surrender to the popular vote or referendum matters entirely within their power, this constant reference of every perplexing question to popular ratification, the creation of innumerable commissions, the desire to gratify the most radical sentiments which they believe are backed by popular favor, that has been the most significant manifestation of modern legislative history, and which undoubtedly, to a large extent, has sapped public confidence in the value and importance of the legislative branch of the State government.

Moreover, in most legislatures the speaker is vested with powers which can be used autocratically, exercised in the interest of certain factions, or to suppress legislation which does not meet his approval. He generally has the power to frame all the committees, and thereby exercises an undue or dangerous influence in legislation.

The methods which prevail in committees have also tended largely to destroy confidence in our lawmaking bodies. In the reorganization of the legislature, we should require that all committee hearings should be open to the public, that a journal should be kept to record the names of all who appear in advocacy or opposition to each measure, as well as the votes of every member of the committee. The pitfalls, concealments, and dark-lantern methods which now prevail should be succeeded by open sessions, in which full opportunity will be accorded to all who are interested to present their views. The legislative rules which prevail in some States require a two-thirds vote of either the House or the Senate to recall a bill from a committee. This puts it in the power of a committee to dominate legislation, and to defeat the

public will, on important measures. This rule, wherever it exists, should be changed.

Another defect in our methods of legislation is that there is no central responsible authority which can be held accountable for the laws which are enacted. Under the system which prevails in Great Britain, the ministry is responsible, and when laws are introduced which do not have the sanction of the ministry, they must receive the support of a certain percentage of the members of parliament before they can be introduced. There should be a parliamentary draftsman of skill and experience employed in each State, to whom every bill should be submitted before introduction. However, it would tend to restrict unwise, unnecessary, or ephemeral legislation if all bills introduced by individual members should be required to be first submitted to a picked committee before being placed on the calendar.

There is but one remedy for this want of responsibility for legislation, and that is to increase the powers and duties of the Executive. As President Wilson has wisely stated, the people demand leadership. They look to the Governor, and not to the individual members of the legislature, for such measures as the economic or political or social conditions of the State may require, and judge his administration by his success or failure in securing the enactment of necessary laws. Under the Constitution of nearly every State, the Governor is a part of the law-making power and can recommend to the legislature for its consideration such measures as he may deem expedient. Eminent authority has held that these recommendations can take the form of a bill, if the Governor should so elect. In revising our Constitutions, it would be well to define this power more clearly, to authorize the Governor to present, if he saw proper, his recommendations in the form of bills, and to give these bills precedence in the consideration of the legislature. It might be well to allow the Governor to be represented in the legislature, either in person or by some official whom he might designate, with full power to present and discuss the measures presented, but without the power to vote.

Another step forward might be secured by adopting the English system by which all bills of a local, special, or private nature should be submitted, only after proper notice, to a select body

of experts, lawyers of training and experience, employed at an annual salary by the State, and whose report, after full hearing of all parties interested, should finally determine whether such bills should be introduced or rejected.

The membership of our legislatures should be decreased, and the practice which now prevails in most of the States, of giving representatives to each county, should be abandoned. With a certain number of the members representing the State at large, the other members should be elected from districts, according to stipulated population.

We should abandon the biennial and quadrennial systems, and restore the State legislatures, as far as possible, to their full constitutional vigor. The tendency which now prevails of making the Constitution a code of statutory laws, instead of a framework of the fundamental principles of government, should be abandoned. Our Constitutions are too rigid, and while the incorporation of statutory enactments in the fundamental law may serve to guard against the follies or caprices of the legislature, it also puts a check and restraint upon the power of the people to govern themselves. Not only should the biennial and quadrennial systems be abolished, but the limitations now placed upon the duration of legislative sessions should be abandoned, and the members of the lower house elected every two years. There is less alarm or apprehension in those States which have annual sessions of the legislature at the convening of the lawmaking body than in those where the biennial or quadrennial system prevails. With abundant time to carefully consider and debate every important question presented, it would be discovered that the legislative output would be diminished, rather than increased.

The veto power of the Governor should be extended, and his negative should not be overcome except by a two-thirds or three-fifths vote of the legislature.

Another evil which should be cured is the tendency to enact the principal volume of State legislation during the closing days of the legislative session. Under the system which now prevails in most of the States, the larger proportion of important bills are passed during the closing hours of the legislature, and all this mass of legislation is at one time rushed to the Governor's desk for his examination. With the limited time allowed by most

State Constitutions for the exercise of the veto power, it is utterly impossible for the Governor of the State, with his other important duties, to give proper scrutiny, examination and consideration to this large body of bills that pour into his office at one time. It is evident, therefore, that if the executive veto is to be efficient and a check against unnecessary, capricious or unwise legislation, that the time within which the veto power can be exercised should be extended. The rules of every legislative body should provide that after a certain period bills should not be introduced, and methods adopted to prevent the hurry and haste with which bills are enacted at the closing hours of each legislative session.

I am convinced that the rules of each legislative body should require a stenographic report of the daily proceedings, which should be published for the benefit of the public. The legislative journals furnish very meager information, and it is very difficult by their examination to ascertain the responsibility of each member for the laws that are enacted. The publication of the stenographic report of the debates would keep the public fully informed as to the record of each member, and furnish a simple method by which responsibility for each law could be readily ascertained.

Publicity is the most efficient remedy for many of the evils of legislative assemblies. Such a publication would tend to make the individual legislator more careful in the discharge of his important duties.

Each State Constitution should provide that no member of the legislature should be eligible for election or appointment to any State, county or municipal office, during the term for which he is elected. Such a provision would tend to confine the attention and energies of legislators to the proper discharge of the duties of their office, and free them from any improper influences the Executive might exert by the use of the appointing power, as well as relieve the Governor from the embarrassment which generally results from applications for appointment by members of the legislature.

Every State should provide a legislative reference library, and the committees should have ample time and opportunity to thoroughly investigate every important question submitted to their consideration. We should not forget that legislation is not

the sole function of the legislature. It is the only agency possessed by the people to supervise and control the other departments of the State government. If abuses exist, if corruption has crept into the public service, the legislature through its committees can expose as well as correct, the wrong-doing. They can subpoena witnesses and are invested with all the sovereign inquisitorial power of the people, and speak with authority.

There is no doubt of the fact that in the future the voter will retain a more direct control over legislation than has heretofore existed. A recent writer on the subject has said, "The difficulty is to find some means of distinguishing that part of the legislative responsibility which should be retained by the people and that part which, in order to be effectively redeemed, must be delegated. Obviously, the part to be retained is the function of accepting or rejecting certain general proposals respecting State organization or policy." There can be no doubt of the truth of his observations. The theory that every citizen should be allowed to become a lawmaker, to formulate untried legislative projects or experiments and have them put in force by the affirmative vote of the electorate, is more plausible than practical. The submission of certain general questions as to State policy or organization to popular decision, may tend to better government, but it cannot be denied that certain portions of the work of government must continue to be delegated to certain picked and chosen representatives of the people, because, as has been truly said, "it can be efficiently exercised only by peculiarly experienced or competent men." John Stuart Mill has said, "There is hardly any kind of intellectual work which so much needs to be done, not only by experienced and exercised minds, but by minds trained to the task through long and laborous study, as the business of lawmaking." Notwithstanding all experiments in legislation which may be undertaken by the masses in their primary capacity, it is upon the State legislature we must continue to rely as the most efficient agent the wisdom and experience of men has yet devised for all the processes of self-government.

Foreign commentators have declared that the chief weakness of our State governments is the absence of a centralized responsible authority. Hence, in any reform of our legislative department we may undertake, there are but two courses open. We

must either subordinate the executive authority to the legislature, as was done in the early period of American State governments, or enlarge the power and responsibility of the Chief Executive. After an experience of over a hundred years, the American people would be unwilling to return to the repudiated system of legislative omnipotence in the executive and administrative affairs of the State. The modern tendency to increase executive power is but the evolution of government—the result of experience and the study of the practical workings of our system.

Under the present system in every State in the Union, any member of the legislature can introduce any bill on any subject he pleases. In fact, the newly elected member generally believes that the number of bills he introduces is the highest proof of his capacity and usefulness as a legislator. In the German Reichstag, it requires a vote of fifteen members to introduce a bill that does not come from the government. It might be claimed that any restriction of the right of the member to offer as many bills as he pleases would be trenching upon his functions and privileges as a representative of the people. Yet, at least, he should be required to furnish with his bill a memorandum showing what organization or interest suggested it, the purposes sought to be accomplished, and a brief statement of its provisions, as a condition precedent to its reference to a committee. It has been suggested that the establishment of a schedule of legislative fees to be paid to the State Treasurer for the privilege of introducing bills, especially of a private or local character, would largely tend to check the passage of vicious or unnecessary laws.

The great mass of bills introduced into our legislatures are generally inspired by some private interest—some favor-seeking corporation—and really seek to secure some exemption, privilege, or franchise for partisan or private gain. Sometimes such bills are introduced by corporation lawyers or corporation representatives, or by private individuals engaged in industrial undertakings. Some bills are suggested by the Governor, or some body of reformers, but the mass of such bills are generally imposed upon the legislature by outside sources, inspired by personal interest. If bad laws are passed, there should be some system by which the responsible party can be easily ascertained. Yet we

know that this is not now the case, and this defect must be corrected if our legislatures are to again enjoy public confidence. The Constitution of Alabama allows the Governor the power to amend any bill submitted for his approval. The amendment is in the nature of a veto. He returns a bill without his approval, but states what amendments would remove his objections. The House to which it is sent may pass the bill as to amend and send it with the Governor's message to the other House, which may adopt, but cannot amend, the Governor's amendment; and both Houses concurring, the bill as amended is sent to the Governor for his approval. This is a most important and far-reaching power. It makes the Governor in a sense more directly responsible for every bill enacted by the legislature. With sufficient time for investigation and scrutiny, there is no reason why vicious or bad laws should be enacted, if their defects can be corrected by the Governor's amendment. If a bad law is passed, the Governor is generally held responsible at the bar of public opinion, and hence he should be armed with this power to amend, by the provisions of every State Constitution, and his amendment should not be overcome by less than a two-thirds or three-fifths vote. This increase of the power of the Executive would tend to better legislation and make him directly responsible to the people for the laws enacted during the administration.

Foreign commentators upon our legislative system claim that legislatures have ceased to be deliberative bodies. On account of the limited sessions—the intervals between meetings of the legislature, the perfunctory character of the duties they are to perform—there is but little debate or discussion, and hence men of ability are disinclined to enter the legislature. These criticisms are just; and before we can expect any lasting reform of our legislative department we should seek, by removing unnecessary restrictions upon their deliberations, to convert them again into deliberative bodies composed of men who by reason of training and experience can intelligently discuss the important matters submitted to their consideration. The rush and haste which are such distinguishing features of every legislative assembly must be abandoned. The Congress of the United States meets in annual session, and yet there is not the same fear of hasty or ill advised legislation on the part of that body, because, by its

methods of procedure and the deliberation which attends the consideration of every important measure, few bills are enacted, compared with those that are introduced.

If our State governments have been inefficient, the legislatures are largely responsible. We know that in almost every State in the Union our tax laws are in a chaotic condition and that there has been almost a complete breakdown in the enforcement of our criminal laws. We have been liberal in the cause of education, and yet in almost every State there is waste and mismanagement of the people's money appropriated to the public schools and high institutions of learning. All these necessary reforms, so essential to good government, can only be secured by the efficiency of the legislature. There is no reason why our criminal laws cannot be reformed and justice administered without denial or delay. It is largely upon the legislature we must rely for a complete reform of our entire criminal procedure, by which technical delays and subterfuges can be avoided and the criminal laws enforced with celerity and certainty. Yet it must be confessed that all efforts to elevate the character and efficiency of our State legislatures will be in vain if public apathy continues and if the voter refuses to take a deeper and more decided interest in the administration of the State government. If the same interest manifested in the election of some favored candidate to office was directed toward necessary reforms in our taxing system, toward the administration of our criminal laws, toward the reform of our judicial and educational departments, and toward the selection of able and competent men for legislative duties, it would not be long before marked improvements in the efficiency of the administration of our State governments would be apparent. While the public fear and distrust, they have been indifferent to the actions of legislatures, and it is this indifference, this failure to hold them responsible for their betrayal of the public trust, this apathy, which has been the chief cause of their want of efficiency. We should not expect that a body of men called from the various occupations of private life, without previous training or study, unused to the practices of legislative assemblies, should at once discharge efficiently these legislative duties which require years of expert training and special knowledge. Without leaders or unity or concerted action,

we should not be surprised that they become the prey of faction and the victims of the wiles and machinations of those selfish interests which constantly seek to dominate their actions. It is essential, therefore, if we expect our State governments to be efficient, that both power and responsibility be concentrated.

The Constitution of each State imposes upon the Governor the duty to see to it that the laws are faithfully executed. How can he efficiently discharge this supreme executive power, unless he is vested with authority to appoint and remove subordinate executive agents?

Under the system that prevails in many of the States, executive power is distributed through various heads of departments. This diffusion of executive power only tends to weaken the capacity of the Governor to enforce the laws.

A study of the practical workings of our State governments clearly demonstrates the fact that their efficiency can only be secured by concentrating and not diffusing executive power. It has been truly said that the best reform legislation now enacted usually originates in executive mansions. To invest the Governor with greater legislative power increases his sense of responsibility and elevates the character of his office. The people are more apt to trust a man who represents the entire State, than the hundred or more legislators, whose vision of public affairs is generally narrowed by the confines of their petty districts. All of us who have had actual experience in the practical workings of State legislatures know that the average member is too apt to believe that his political success or reputation depends, not only upon the number of bills which he may introduce, but upon his success in securing appropriations for his county or district. The average legislator is too much inclined to regard the State Treasury as a "grab bag," to be looted in the interest of the constituents he may represent. The only remedy for this condition is the suggestion already made, that a portion of the legislature should be elected from the State at large.

After a careful review of the causes which have created distrust of State legislatures, we can but reach the conclusion that these causes can be removed; and that, while we are apt to grow impatient and to despair of legislative reform, we can but recognize that, by annual sessions, by the payment of adequate annual

salaries, by reform in our methods of procedure, by decreasing the membership of our legislative bodies, by removing from a portion of the membership the narrow and provincial prejudices which the present method of election from counties or districts creates, by enlarging the veto power of the Governor as well as his responsibility and power to mold legislation, we can increase the sense of legislative responsibility and elevate the standard of efficiency of our lawmaking bodies. We should not dispair. There are no problems of government which the genius and intelligence of the American people cannot solve. Every State must have a lawmaking body. It has been truly said, "A government must have organs; it cannot act inorganically by masses." We should not forget, while the average legislature in many instances has forfeited public confidence, has made many blunders and mistakes, that, looking back over the history of the States since the organization of the government, we will find that their statute-books are replete with wise and beneficent laws, under which their growth, advancement, material and social development has been without precedent.

If State Constitutions stand in the way of necessary reforms, let those Constitutions be amended. Let no narrow spirit of conservatism check us in our efforts to make our State governments more efficient, more responsive to the calm and deliberate judgment of the people—governments which not only establish justice and insure domestic tranquility, but which secure the blessings of liberty regulated by law. We should seek to restore the legislative department to its full constitutional vigor as one of the most important of the co-ordinate departments of government. The unwise experiments so long undertaken, by which we have fettered legislative action and denied the people law-making bodies meeting often enough and long enough to give voice to their calm, sober, and serious judgment, should be abandoned. We should not undertake to abolish, but rather to reform, our lawmaking bodies. We should seek rather to elevate the tone of our legislatures to increase the ability and character of their membership, to remove the causes which have created public distrust, to strike off all unnecessary shackles on legislative action, and to make our State legislatures what they were intended to be—deliberative assemblies, not timid or vacillating,

swayed by every temporary breeze or popular clamor, but one of the most important of the co-ordinate departments of government, jealous of their powers, preserving the freedom of debate, allowing ample time for deliberation, investigation, and public hearings, ready and willing to assume every responsibility imposed by the Constitution, wisely progressive, but not embarking the State upon every "half baked" legislative experiment, representing the thoughtful opinion of the people, composed of men uninfluenced by power and lust of office, engaged in the serious affairs of State concern, and in whose judgment patriotism and wisdom we can once more repose perfect confidence. With legislatures so constituted, the public-spirited and energetic men of every community would eagerly seek legislative service, and the State legislatures would become what our fathers designed them to be—"sensitive and efficient instruments for the creation and realization of opinion," which is, after all, the real purpose of constitutional government. From such bodies, the lash of an aroused and enlightened public opinion will drive that class of men who, masquerading under the cloak of the people's representatives, as the secret agents and hirelings of special interests and favor-seeking corporations have prostituted the functions of government for corrupt and selfish purposes. (Applause.)

CHAIRMAN HATFIELD—The next paper is upon the same subject, by Governor George W. P. Hunt of Arizona.

GOVERNOR HUNT—Mr. Chairman, and members of the Governors' Conference: As the baby State in the Union, we have had a great many difficulties to encounter in the transition from a Territorial form of government to a State form of government. It has been said that our Constitution is one of the most liberal and progressive in the United States. It is a constitution where the people have a great deal of power. Our State has been called, like the State of Wisconsin, an experimental State. We may be experimenting, but I trust that in those experiments the other States will profit by our mistakes, as well as by our successes.

“ DISTRUST OF STATE LEGISLATURES.  
THE CAUSE ; THE REMEDY.”

GOVERNOR GEORGE W. P. HUNT OF ARIZONA.

Gentlemen of the Conference :

One of the strongest hopes of a Governor when he assumes office is that he will have the good fortune to work in harmony with the legislature. His mind is open to welcome every opportunity for team work, and at the same time the purpose is strong within him to carry out whatever reforms or plans the people may have ordered at the polls. If the legislature proves to be inefficient under the test, there is trouble and confusion, which do not exactly reflect credit upon representative government. Because we are Governors and are held directly responsible to the people, this break or defect in the machinery is brought closely home to us; for no Governor can be unmindful of a situation which often places him in a false light before the people and seems to hold him to account for things over which he really has no control. If the inefficiency of legislatures could be popularly recognized for exactly what it is—if it did not tend to draw an entire State administration into disfavor—the chief executives would no doubt feel less concerned over possible damage to the cause of good government and more hopeful of the speedy and effective application of the remedy. But, unfortunately, this is not the situation. An inefficient legislature is the tarred stick of State government, doing more or less damage to all who come in contact with it in an official way. The public has not learned to place the blame where it belongs, or to properly judge when the legislative majority is playing cheap politics instead of attending to business and reforms, which have either been clearly defined in platforms, or are so broadly implied that no intelligent man can fail to understand.

I am convinced, however, that inefficiency must be given a double meaning for purposes of this discussion. While all inefficient members are not politicians, it must be said that those who would play petty politics rather than attend to the public business before them are the most grossly inefficient officers we

have to deal with; they are the most difficult to reason with, because their general purpose begets ill temper or defiance as a shield, and having once set out to promote personal or special interest they can have but one attitude toward those who urge broad public welfare, free from partisanship or greed for office.

Thus, it seems to me, we have two kinds, the one who is inefficient because of natural mental limitations, and the one who destroys all of his inefficiency to the State by serving the ends of political intrigue. Personal ambition, selfish interest, jealousy and desire for revenge combine to make a display of petty or dishonest politics in some legislatures which halts important business, and interferes with that broad social and industrial progress which the people are demanding, and which the majority of Governors strive to promote.

It will be agreed that we are not here to criticise the inefficiency of our neighbors and hold our own in the background, and if we have to point to our own States as affording examples of that sort of thing, the general purpose of this conference will be best served.

The people of Arizona decided upon large and radical reforms, the decision having been clear cut as to both the language and the majority at the polls. The first legislature in its first session, fresh from the people, was responsive to the popular will. The very same legislature, or the majority, called in special session a year later, fresh from the various special interests touched by industrial and social reforms, was in an entirely different mood. There had been no change of public sentiment, no new orders issued or election held. The legislative majority had simply become inefficient in the sense already described. It was playing petty politics and trying to lay the foundation for a war by the special interests upon the various popular reforms demanded by progressive people. Its duty, in performing which it could distinguish itself as highly efficient, consisted simply of obeying the popular will, and working in harmony with other departments along this line. It is no pleasure to outline this condition, but it serves to illustrate the point we are here to consider, and to suggest remedies. We wish to illustrate and give an example of how inefficiency operates. The general tendency or rule is the same in all States where special interests have regained

influence and made a people's legislature inefficient. The constitution of Arizona opens the way for the broadest social and moral progress, as well as for industrial reforms. Where it does not specify any given work under this head, that work is not only within the general terms of the constitution, but the necessity for its performance is implied. All of which we know full well is distasteful to the heretofore privileged interests. Their object, stated in a few words, is to upset it and restore the old order. Their instrument to this end is an inefficient legislature. But even that sort of legislature knows better than to quarrel direct with the people. The object may be to destroy a dozen reforms that are distasteful to the interests, but these are not mentioned or attacked openly. Something else is selected as an issue upon which to fight the cause of social and industrial progress in general, upon the theory that if the cause can be weakened or defeated by a fight against one thing, other things objected to need not be brought into the discussion or made prominent. And it happens that in Arizona this issue is prison reform. The idea or belief of the legislature, reflecting the purpose of selfish influences, seems to be that the people of Arizona have not emerged from the savage state, that they want nothing but revenge upon State prisoners, and that in their minds capital punishment is a sacred institution. Upon this they rest their hopes. Prison reform is linked and allied with all other reforms. If it falls and if its enemies are placed in charge of the State government because of its fall, then all other reforms, such as corporation regulation, just taxation, better labor laws, and many that suggest themselves, will also fall. It is doubtful if the opposition to prison reform in Arizona is at all concerned over it, or cares how far it goes. In forcing it as the issue, the interests are after bigger game, and seek to use an inefficient legislature to that end.

The problem of prison reform is today one of the greatest to engage the attention of the civilized world, and where good fortune has permitted it to stand forth as an issue by itself, harmony and progress have marked all work in that direction, and the moral and material benefit to society and the State has been beyond compute. In Arizona, despite partisan and petty opposition, prison conditions have been changed so much for the

better that only those acquainted with the former situation can grasp the full truth of progress. The inmates themselves are different men since the old ideas of punishment for the sake of revenge gave way to the present management. The men are plainly better morally and physically, more self reliant and hopeful of the future. This means that they are being made good and useful citizens, ready to conduct themselves as such when their terms expire. The honor system, which has already been widely discussed and is well understood, has been a great success. No better test of a man's real character could be devised. The honor men are employed at various work outside the prison walls, without armed guards, and experience proves that the tasks are well and cheerfully done. Road building gives the men a chance to perform real service to the public, for the roads thus made are good and the cost far below that of free labor. It has been proved that camps of road makers can be placed many miles from the prison, in perfect confidence that the men will work honestly, conduct themselves like gentlemen, and return without guard when through on that particular task. The thoughtful man, when he realizes how much all of this means to the social and economic structure, must be somewhat impatient over the display of some very cheap politics, inspired by greedy and selfish interests, having as its real purpose the destruction of popular rule.

I am dwelling upon this subject because I think it is helpful in pointing out the general cause of legislative inefficiency. But I have not wholly covered the ground. Allied with prison reform in Arizona is the movement to do away with capital punishment. The opposition to progressive government in general also seizes upon this in a savage manner, refuses to discuss the subject from any standpoint of experience or moral benefit, and seeks by appeal to the lower passions to make a decision in favor of legal killing help pull down reforms in industry which they dare not attack directly. No greater example of hypocrisy could exist.

What is the cause of the legislative inefficiency summed up in this case, which consists of ceasing service in behalf of the broad platform of humanity adopted by the majority, when such a course can benefit nobody but a handful of selfish interests?

As a rule the longer a legislature is in session, or the same membership is subject to call in special session, with long periods intervening, the less efficient it becomes from the standpoint of the public service. The explanation is not difficult. The people, having elected the legislature and defined its duties, are likely to forget, or take it for granted that orders once given will stand as a guide for legislative action in any direction. But the interests never forget or take anything for granted. They are always at work, stirring up strife, creating divisions among the majority, and holding out promise of a political reward to factions. This unceasing labor, both during a session and between sessions, the steady attack upon officers who remain true to their pledges, the creation of false issues as a means of attack upon real, but hidden, issues, serve to make the legislature dull to the presence of popular influence or power. The inefficient legislature takes it for granted that the people have forgotten, or no longer care, and that political reward can come only through those interests hovering around the legislative elbow.

For many years I have advocated a single House, and have joined with those who point out the absurdity of a House and Senate in our form of government. The double House cannot be defended except in the interests of royalty, and that is all of the real defense it ever did get. The original idea was that the king or emperor needed a senate or upper house to protect his royal privileges against any attack by the people through the lower house. In other words, if the king did not like something proposed in the lower house, he could pass word to his own branch, the senate, to defeat the measure. The wonder is that this double system has been maintained so long in a country like ours, whose form of government makes it not only ridiculous, but a vexation and annoyance to all of the best progress in popular government. The single house, with membership restricted to the smallest number compatible with fair representation, would be as effective in doing away with inefficient legislatures as any plan that can be devised. It offers a plan under which the house would have time to attend to public business, but no time or disposition to play petty politics. Ideas along this line have been discussed a great deal of late, and you are doubtless familiar

with the different plans. The one which seems to appeal to the majority of thinkers would have a single house consisting of twenty-five or fifteen members, elected to represent all the people, not a party, and subject to the initiative, referendum and recall. Such a governing body would be free to attend to popular reforms and the State's business, and it is not at all likely that it would or could become inefficient. The people would always have the power to recall, or to initiate legislation, or to compel the referendum on any of the acts of the house. It is not my idea to abolish the senate and leave the house as it is, or do away with the house and retain the senate, but to create an entirely new governing body that would simply wipe out the present legislature—a governing body so complete, so responsive to the people, so fully in the glare of publicity, that selfish interests would find it useless to try petty politics. This plan, I am convinced, embodies the next and greatest step toward ideal government by the people, and we have many a step to make in that direction before the battle for human progress is won. (Applause.)

CHAIRMAN HATFIELD—The next address is upon the same subject, by Governor Hodges of Kansas.

GOVERNOR HODGES—Mr. Chairman, Ladies and Gentlemen:

I am keenly sensible that you are tired, but I will confine myself to my manuscript, and not attempt to elaborate upon it. I shall confine myself strictly, in my criticisms, to the sins of omission and commission of the Kansas Legislature, of which I have been a member for eight years, and perhaps I shall speak of one or two other matters; but I am also aware of the fact that the sins of omission or commission of the Kansas Legislature are practically the same as the sins of omission and commission of the legislatures of the middle West, and so, in criticising our legislature, I feel sure that the Governors of our various States will recognize in this paper about the same condition of affairs that exist in their States.

“ DISTRUST OF STATE LEGISLATURES.  
THE CAUSE; THE REMEDY.”

GOVERNOR GEORGE H. HODGES OF KANSAS.

Mr. Chairman, Ladies and Gentlemen:

The thing we seek is a representative and efficient legislature, one that is at all times responsive to the public will and weal, and just because the two-house system has too often been neither representative, nor efficient, nor responsive, dissatisfaction with it has become wide-spread. Constitutional Convention after Constitutional Convention has exhausted its ingenuity in devising new restrictions on its power for evil and the end is not yet. The new Commission form of Government is the outgrowth of this dissatisfaction with that phase of our present legislative system, which involves the unit system of representation, which does not represent. Not very long ago, two constitutional amendments were adopted by the people of Kansas for this very purpose—one of which gives to the Governor the power to veto any item in an appropriation bill without being compelled to disapprove of the entire act; and the other making it a matter for judicial, instead of legislative determination, whether an act is special within the constitutional prohibition against that sort of legislation.

The first of these amendments was made necessary by the practice of inserting in appropriation bills, items for unnecessary purposes, amounting in many cases to a graft pure and simple, or the allowance of unjust claims against the State in the miscellaneous appropriation bill. Many of these claims, it was found, had reappeared after a few years, and had been allowed a second time.

The second amendment referred to was made necessary by the continual flood of special acts which were passed by the legislature notwithstanding the constitutional prohibition against such legislation. And I regret to say that even this amendment has not remedied the evil.

Last year, both the great political parties in Kansas pledged themselves to submit to the people an Initiative and Referendum

amendment to our constitution at the general election to be held in 1914. A joint resolution submitting an effective Initiative and Referendum passed the State Senate with the necessary two-thirds vote. This resolution failed in the House of Representatives, because certain members of that body who are pleased to style themselves "Progressives" permitted themselves to be bound hand and foot by a caucus agreement to vote against it. When this sort of thing happens, it is little wonder that the distrust of our State legislatures as now constituted, has become widespread. The fact that in many States the Initiative and Referendum has been adopted, and is being demanded in many more, is of itself but a manifestation of distrust. It is an evidence that the people themselves are reaching out after a more representative, responsible, and efficient instrumentality for the making of laws.

After all the amending of constitutions, the bicameral legislature remains a heavy and complicated mechanism, yielding quickly enough to the operation of the political expert, but blocking at every turn the attempts of the people to work it honestly and efficiently, and it has been said that by a strange perversity of fate, the fear of democracy and the passion for democracy have contributed equally to this result. Powerful, private interests find their best shelter behind the multiplicity of barriers, and politicians have no desire to make plain the rules of the game, while reformers generally attack corruption or inefficiency by adding some new office or board of control. And so it has come about that the people have been unable to maintain control over their own government, and it has fallen more and more completely into the hands of the professional politician, aptly described as "One who knows more about the voter's political business than the voter does himself."

Cumbersome and complicated legislative machinery—following the law that everything produces after its kind—has resulted in cumbersome and complicated legislation. Crude or complicated laws of necessity require interpretation, and even the lawyer finds himself all but submerged by the flood of judicial decisions, interpreting these laws, which the court turns out annually.

There appears to be no good reason why our laws should not be written in simple and direct language, expressing so clearly

their purpose, that a man of average intelligence may understand what is meant.

Take for example the famous Sherman act, with which the Federal Courts have wrestled for years, and have written volumes of interpreted decisions—and the end is not yet. And so it is in almost every important law on the statute books of either state or national government.

If the sovereign voter is ever to reach the goal of representative, responsible and efficient government, it must be through such a *simplification* of our legislative machinery as will permit the electorate to bring *steady* and *persistent pressure* on this great organ of government, in the broad day-light of interested public discussion and to *fix the responsibility* for any failure on the part of any member of the legislative body, to respond to the will of the majority of the people.

In an address delivered some years ago, President Wilson said :

"Elaborate your government; place every officer upon his own dear little statue; make it necessary for him to be voted for, and you will not have a Democratic government. Just so certainly as you segregate all these little offices and put every man on his own statuary pedestal and have a miscellaneous organ of government, too miscellaneous for a busy people either to put together or to watch, public aversion will have no effect upon it; and public opinion, finding itself ineffectual, will get discouraged, as it does in this country, by finding its assaults like assaults against battlements of air, where they find no one to resist them, where they capture no positions, where they accomplish nothing. You have a grand housecleaning; you have a grand over-turning,—and the next morning you find the government going on just as it did before you did the over-turning. What is the moral?

\* \* \* The remedy is contained in one word: *Simplification*. Simplify your process, and you will begin to control. Complicate them and you will get farther and farther away from their control. Simplification! Simplification! Simplification! is the task that awaits us. To reduce the number of persons to be voted for the absolute workable minimum—knowing whom you have selected, knowing whom you have trusted, and having so few persons to watch, that you can watch them."

This language applies with a special force to our present two-house legislative system. When a desirable measure fails to pass, or an undesirable measure passes, there is no way whereby the public can single out a particular member of the legislature and say, "You, personally, are principally to blame in this matter." Not only is it almost impossible to locate the man who is to blame, but often when he can be located, it is very probable that the voters of his district are not particularly concerned about what he has done, although his action may be of great importance to the State as a whole, while he is responsible to nobody except his own local constituents.

One county in our State has no public or privately owned utilities. Its representative received one hundred and eighty-eight votes, and while his party declared for a Utilities Commission law, he voted against his party pledge, because it raised the taxes. Another member of the same party received four thousand votes—his county recognized the necessity of the enactment and he supported the measure. It takes a decided stretch of imagination to recognize a truly representative body, wherein the power of one hundred and eighty-eight votes in one county, equal four thousand in another.

This system of scattered responsibility puts the very smallest incentive upon the individual to accomplish effective results. Not only can he divide the blame with all the rest of the majority, but he can offset it entirely by bringing forward some *local* excuse or seeming justification. He can point to something else he has done which was of particular interest to his constituents and thereby avert any embarrassing consequences for a mistake or misdeed of profound importance to the state as a whole, if indeed under the present system he is capable of accomplishing anything.

Our legislatures are for the most part limited to short sessions and the terms of the members of the House do not as a rule cover more than one session. Generally, an overwhelming majority of the House of Representatives are first-termers, and without legislative experience. The same thing is often true of the Senate.

And yet, legislatures so composed, add something like 25,000 pages to our statute books each year. In Massachusetts this year not less than 2,500 bills were introduced. In Pennsylvania,

2,100; in Wisconsin, 1,200; and in the State of Washington, 1,200.

In 1911 the Session Laws of California was a book of 2,000 printed pages; the Session Laws of Connecticut, 360 pages; Idaho, 810 pages; Indiana, 705 pages; Maine, 829 pages; Massachusetts, 1,100 pages; Michigan, 533 pages; Missouri, 451 pages; New Jersey, 834 pages.

The Session Laws of Kansas for 1913 is a book of 594 pages and contains 376 laws and resolutions. Excluding appropriation bills, 36 important new laws were passed. The rest were either local acts, amendments, or were trivial in their nature. The last Kansas legislature was in session 49 days or parts of days, consequently something like 7 laws passed both Houses each day.

It is hardly possible for a member to read 7 enactments a day, and it is an impossibility for him to comprehend and understand them. It must be remembered, however, that something like 1,700 bills were introduced and several hundred of these were reported by committees and that a great deal of time was occupied in considering bills which were ultimately killed in one House or the other.

In the closing days of the session—as in all legislatures—there was lawmaking in hot haste and bills were rushed through under omnibus roll-calls, and the result was a lot of more or less crude and illy-digested laws, some of which are puzzles for even learned jurists to interpret with anything like satisfaction to themselves or to the public.

Notwithstanding the fact my executive clerk and the Attorney General did their best to scrutinize all the bills, Chapters 177 and 178, and Chapters 174 and 175, respectively, are duplicates. Chapter 75 of the Laws of 1911 was repealed three times—first by Section 3 of Chapter 75 of the Laws of 1913; by Section 2 of Chapter 123 of the Laws of 1913; and then by Section 7 of Chapter 124 of the Laws of 1913. Chapter 318 of the Laws of 1913 was immediately amended by Chapter 319 of the Laws of 1913. Chapter 82 of the Laws of 1911 was repealed by Section 7 of Chapter 89 of the Laws of 1913, and after being repealed was then amended and repealed by Chapter 108 of the Laws of 1913.

A great many legislative sins are committed by the omnibus method. Measures that meet the positive disapproval sometimes

of a majority of the House or Senate, are omnibussed, when if considered separately in either body, their passage would be impossible.

I know of enactments upon the statute books that, after passing one branch of the legislature, were objected out of an *omnibus* reading and roll call and were never voted on in the Senate at all, but were shown afterwards by the Journal as having passed the Senate in the usual legal way. The "omnibus" method would be impossible with a single-house legislature of few numbers.

Much time was given to the passage of a bill relating to the practice of Chiropractic—whatever that is. I let this bill become a law without my signature, but on examination found that it required me to appoint as members of a board, three Chiropractors who had practiced their art in Kansas for two years past. In order to comply with this provision of the law, I would have been compelled to appoint men or women who had been openly violating the Medical Registration laws of our State for two years—a thing which, as Governor, I refused to do.

The law governing the inspection of hotels and lodging houses contains this provision: "All carpets and equipment used in offices and sleeping rooms, including walls and ceilings, must be well plastered and be kept in a clean and sanitary condition at all times."

For six years there stood upon our statute book as a part of the law regulating automobile traffic on the public highways, the following—which was doubtless added by some hilarious politician who was impressed by the "band wagon" idea of party management:

"Nothing in this section shall be construed as in any way preventing, obstructing, impeding, embarrassing, or in any other manner or form, infringing upon the prerogative of any political chauffeur, to run an automobilious band-wagon at any rate he sees fit, compatible with the safety of the occupants thereof; provided, however, that not less than ten nor more than twenty ropes be allowed at all times to trail behind this vehicle when in motion, in order to permit those who have been so fortunate as to escape with their political lives, an opportunity to be dragged to death; and provided further, that whenever a mangled and bleeding political corpse implores for mercy, the driver of the

vehicle shall, in accordance with the provisions of this bill,  
"Throw out the life-line."

Here is another illuminating one:

"If any stallion or jack escape from his owner by accident, he shall be liable for all damages, but shall not be liable to be fined as above provided."

By being somewhat heedless to the ordinary rules of grammar, some court might decide that it was the owner and not the stallion or jack who is made liable for damage under this act.

I am told that in the early days of Oklahoma, a compilation of the laws of this Prairie State included a full set of regulations for the government of harbors, wharfage, and lighthouses, taken bodily from the regulations enacted by the Texas legislature for its Gulf ports.

Another law sent to my office for signature was found on examination to contain a negative which made the act exactly contrary to what it was intended to be. This bill was only one of fifteen others which were returned to the legislature by me for correction in particulars more or less important. Two bills which were exact duplicates, each of the other, passed both Houses and came to my desk before the duplication was discovered.

I am informed that exactly the same thing happened this year in Pennsylvania. And in one instance a bill was passed amending another act which had been passed some days previous, and both the original act and the amendment were enrolled and reached my office about the same time. A number of bills passed both Houses without any enacting clauses—a matter absolutely requisite to their validity as laws, and in the Session Laws will be found a large number of resolutions authorizing corrections in a number of acts.

Notwithstanding the constitutional prohibition against special legislation, many acts were in fact special, although they have the form and appearance of being of general application. On the other hand, by reason of time taken up in discussing and passing worthless legislation, like the Chiropractic Bill, and the Pure Shoe Bill, legislation of the utmost importance was pushed over until the last days of the session, when there was no time for even a pretense of discussion or deliberation, and accordingly

failed of enactment. Among these important measures was a Grain Inspection Bill, the Kincaid Bridge Bill, a Collateral Inheritance Tax, a Recording Mortgage Tax Bill, and a bill prohibiting the foreclosure of mortgages, until the owner and holder should either pay, or show that he had paid, all taxes that might lawfully have been assessed against it from its date.

With all that, the Kansas legislature of 1913 was as efficient, as capable, as up-right and honest as any legislature that ever sat; it passed many wholesome laws. There was not a single suspicion of corruption. It was as good a legislature as can be gotten together under the bicameral system, but it requires *much more than honesty* to make laws for a State. Effective work in a legislature can only be done by a man of experience, notwithstanding the best of intentions. A district can be effectively represented only by a man who is able to accomplish results.

"What is commonly called the *technical* part of legislation, is incomparably more difficult than what may be called the *ethical*. In other words it is far easier to *conceive* justly what would be useful law, than so to *construct* that same law, that it may accomplish the design of the law giver."

To illustrate this, take the case of the member who is quoted as saying, "When I came to the legislature I introduced a bill to prohibit the manufacture of *filled* cheese. It would have done it all right, but it would have prevented the manufacture of all other kinds of cheese too." Or take the case just cited of the act, which provides for the "plastering of carpets and furniture."

But these are simply examples of unintentional, legislative humor. The *serious* side of the question appears, if one visit our state library, with its hundreds of volumes of court decisions made necessary by the work of inexperienced and untrained legislators.

I have seen bills carefully drawn by experts after months, or perhaps years of the most painstaking and careful study of the subject, amended on the floor of both House and Senate in a rapid-fire sort of way, by men who had never given an hour's consideration to the subject matter, and in the end have seen what might have been a useful law, either weighted down with amendments which caused friends of the original bill to vote against it, or have seen the bill become a law, so amended as to

be unrecognizable by the man who introduced it, and its effectiveness frittered away, because some Senator or Representative possessed an inordinate desire to put himself in evidence, no matter how.

The Anti-pass Law, now upon our statute books, was re-written on the floor of the Senate—a make-shift sort of a measure was reported for passage and an attempt made to "railroad" it through. A minority became acutely alive to the situation and, helped by the presence of a crowded Senate, they substituted, section by section, until the measure became a splendid enactment. It was a dangerous way to pass a measure of so great importance, but the exigency of the moment demanded heroic action.

If it was the intention of our Constitution makers that the bicameral system of legislation, which now prevails, should be a system both *representative* and *deliberative*, they have utterly failed to secure that result under the present system. As a matter of fact, the average member of the legislature, and especially of the House of Representatives, does not even represent the people of his own little district. And unless he happens to be one of the very few leading spirits who run the legislature, about all the new member is good for is to vote as he is told.

This is well illustrated by the following somewhat humorous account written by a member of the New York Assembly in the New York Evening Telegram of February 25, 1908:

"Before I came up here, I had an idea that a legislator, after a profound study of the subject, would introduce a bill with a few words that would at once attract the attention of the press and through them the public. Presently, by some machinery which I never clearly understood, the bill would be taken up in its turn and after grave and serious argument would either be passed or defeated.

"But what really happens is this: You sneak up back of the desk and drop into a slot your bill, which half the time you don't know anything about yourself, because either your boss, or your senator, or some organization in your district, gave it to you. By bothering the clerk next day, you can find out what committee it has been referred to. If you are a member of that committee, there is a good chance to get it reported, because the other mem-

bers of the committee want your vote to get their own bills out. If not, you are a hundred to one shot, unless your senator comes over and sees Wadsworth (the speaker of the assembly) or Merritt (the floor leader of the majority) about it.

"The next thing you do is to ask for a hearing on the bill. You find out who is the chairman and hunt him up. When he sees you are only a first-year man, he insists in mistaking you for a doorkeeper or messenger, just to let you know your place. After you get that straightened out and tell him what you want, he pulls a long face and talks about the flood of bills they have to consider.

"That's all you can do. If the committee, or rather if two or three men on the committee, are willing to give your bill a chance, you may get it out after begging like a college president. Once on the calendar, instead of the chairman of the committee, you have one man (Merritt, the Republican floor leader) to convince before you can get a vote on the bill at all. All a new assemblyman is good for is to vote as he is told. If he doesn't do that, never a bill of his will see daylight. The committee holds the power of life and death over a bill, and Wadsworth and Merritt hold the committee in an iron grip."

Those of us who have had legislative experience, know that this is true in varying degrees of almost every State legislature, and I am told that it is *largely true* of the membership of our National Congress, and yet so *strong* is the *veneration* for *ancient institutions*, that many well-intentioned men—to say nothing about the politicians—regard any proposition to do away with this *inefficient* and *unwieldy* system as little short of treason, and denounce a proposal for the substitution in its stead of a single legislative body; so small in number that the people may know whom they have selected and whom they have trusted, and having so few to watch, that they can watch them. These men are honestly conservative, and are hoping against hope for the realization of an ideal—which the *realities* of *experience* have demonstrated to be *impossible*, and these conservative gentlemen sometimes become classical in their diction and charge those of us who are disposed to be progressive, with attempting to establish an oligarchy.

One of the stock arguments in favor of the bicameral system is that the *second chamber* is a valuable check on bad legislation because there are *two bodies* through which the bill must pass. From personal legislative experience, I know how farcical this contention is. About the only purposes I have ever been able to see for the two-house system is, that it enables a legislator to fool his constituents, by getting a measure demanded or promised them through his branch of the legislature, and then using every effort to have it killed in the other branch. Six years ago a resolution passed the House by a goodly two-thirds majority, submitting to the voters the Equal Suffrage amendment to our Constitution. Before the resolution reached the Senate, fifty per cent of the House members were importuning their senators to defeat the resolution, and the Senate, in duty bound, followed their importunities. The *same impediment* which the *existence of two chambers* offers to bad measures, also applies to good ones.

Let us take the last session of the Kansas legislature. So far as I now recall, no very objectionable bills passed either House, but a number of very meritorious bills were actually defeated after having passed one chamber or the other. For example: The resolution to submit an Initiative and Referendum amendment to the Constitution, promised by all parties, passed the Senate and failed to get the necessary two-thirds vote in the House, because the minority members of the House preferred to engage in the pass-time of playing politics. A Recording Mortgage Tax law was passed by both Chambers, went to Conference, and failed because the Conference Committees would not agree. The Grain Inspection law suffered the same fate. The Kincaid Bridge Bill—one of the most meritorious bills introduced during the session, passed the House and was lost in the Senate. The Collateral Inheritance Tax Bill passed the House and was defeated in the Senate. Several other meritorious measures failed to become laws, because of a feud between a senator and a leading member of the House, to which in a sort of an unconscious way, the members of the House and Senate became partisans. And that sort of thing has happened in other legislatures to my certain knowledge, so that if the bicameral system

serves as a check to bad legislation, it also serves as a check to good legislation.

It is claimed for the bicameral system that it destroys the evil effects of sudden and strong excitement and of precipitate measures, springing from passion, caprice, personal influence and party intrigue. There are possibly occasions when the bicameral system would be advantageous in this respect, but they are not met with in the study of a normal legislative session. To be a check upon such excitement, passions and intrigues, it is important that the *second* House be not *subject to the same influences*. If we take the New York legislature as an example, there appears to be little force in this argument, for with no cause for sudden excitement, passion, or intrigues, in the year 1910, one hundred and thirty bills were recalled from the Governor by the legislature of that State after having passed both Houses.

Then there is the argument that it is more difficult to corrupt or wrongfully influence two bodies than one. The *test* of legislative efficiency is the *ability* to effect positive enactments. A good measure opposed by special or predatory interests, may as easily be defeated under the bicameral system as under a one-house system, because all that is necessary, *is* for the opponents of the measure to control one House, and in cases of that kind, the special interest has *two* chances with the *bicameral* system to one with the other. Indeed the lobbyist and representative of corporations *first* attempted to defeat a measure objectionable to them in the committee, and if they fail there, then they concentrate their assault on the members of whichever House there appears to be the best chance of success in blocking the proposed legislation.

Then again it is said that under the bicameral system there will be a jealous and critical revision of all proposed laws by a rival body of men, though it would be difficult to produce evidence to show when they are either rival or jealous.

Generally speaking, the two Houses do a lot of trading; the first House in order to get anything, accepts the amendments of the second, and vice versa. In actual practice, the two Houses seldom seek a middle ground, at least not by formal methods. Two considerations do not necessarily mean a double considera-

tion and *two hasty* considerations may not be as good as *one* thorough one. There is a tendency to assume that a subject has been considered in the other House, when the consideration there has been very inadequate, or sometimes one House hastily passes a bill, with the expectation, that the other House will deal with it more carefully; and so there is frequently a shifting of responsibility from chamber to chamber. It is customary for amendments of the second House to be accepted without question. It is also customary to advance bills advocated by the party leaders. Important measures are determined upon by the party leaders, and upon these the second chamber is of little additional usefulness in furnishing consideration.

Toward the close of each session, a committee on revision of the calendar is appointed. The membership of this committee is always dictated by the party leaders and they absolutely determine what bills shall be considered, and the order in which they shall be considered.

This committee usually consists of three in the Senate, and five in the House, and these eight men during the last week of the session, when almost fifty per cent of the bills are passed, absolutely dictate what enactments shall comprise one-half of the laws upon our statute books. The committee becomes in reality, a bicameral legislature of three and five members. And the House, in order to get its bills passed by the Senate, accepts Senate bills; and the Senate in order to get its bills passed by the House, accepts House bills.

Those of us who have had legislative experience, are fully aware that many an important bill has been killed in one House or the other, just because of a feeling that the Senate was killing House bills too carelessly; or that the House was killing Senate bills with too great frequency. As for being a *deliberative* body, I have yet to see a State legislature that could be so classed.

And pertinent to this remark is the criticism which I take from the Saturday Evening Post of August 9th, 1913. The Post says:

"The Illinois Legislature was in session twenty-three weeks. A contemporary on the ground reports that in the first twenty-one weeks it passed one-quarter of the bills that it finally made into law and in the last two weeks it passed three-quarters of

them. That is the inevitable legislative program; two or three months of preliminaries, appointing committees, playing politics, squabbling over points of party advantage; then two or three weeks of earnest effort to get the machinery really started; then about ten days of frenzied haste, during which a large part of the important legislation is actually accomplished.

"A body constituted as our legislatures are, cannot possibly work any other way. There would be exactly the same result with a bank or a railroad, if once in two years the stockholders elected a large body of directors who mostly knew nothing in particular about banking or transportation, who were sharply divided by opposing professional interests and who were to remain in session only three months. But the bank or railroad wouldn't last long under the guidance of such a board.

"We legislate in convulsions when we legislate at all. The organism is so constituted that it must have a fit or lie dormant.

"It is not a representative system. The people of Illinois do not conduct their personal affairs in rare bursts of frenetic energy divided by long periods of torpidity. No farmer hires thirty men to debate about small grain from July 4th to July 30th and then harvest the oats on the 31st. Why should he regard a legislature which operates that way, as representing him?"

In my message of March 10, 1913, I proposed to the Kansas legislature the substitution for the present system, of a one-house legislature consisting of eight and not to exceed sixteen members. My most violent critic has proposed a one-house legislature composed of thirty. I still believe that the number should not exceed sixteen. One-half of them might be elected from districts and one-half of them at large, or they might all be nominated by districts and elected at large, with provisions for recall, and the initiative and referendum, which are imperative. These legislators should be elected for terms of four years each, with provision for expiration in rotation, in order to secure stability and experience.

I further believe that these legislators should be nominated and elected upon a non-partisan ballot, like that which has recently been provided in Kansas for the election of judges; or if not that, then with provision for minority representation.

They should be paid salaries which would enable them to give their time to the study of State affairs. They should meet at such intervals as the business of the State demanded and should have power to employ expert assistance in the drafting of laws.

Just at this time the necessity for such a legislative body is quite apparent in Kansas. Such a legislature would enable us to handle the gas situation; it would have enabled us to handle the situation with reference to the inspection of grain; it would have enabled us to handle without trouble, the difficulties arising from the destruction of our twine plant at the Kansas Penitentiary. It would enable us to provide aid for those counties which have been sorely afflicted by the drouth; and so every year, such a body able to meet without large expense whenever necessity required, would be a good business proposition for the people of the State. As it is, one co-ordinate branch of the State government is absolutely abandoned for a whole biennium, unless the legislature is convoked in an expensive, extraordinary session by the Governor. It is as if the head of an important department of some other big business should give only fifty days every two years to its management.

In my judgment, such a legislature as I am advocating, would give us fewer but better laws; it would give us laws that would need less interpretation from the courts and accordingly give us less litigation. It would be representative. As a matter of fact, under the present system, the sovereign voter helps elect one representative out of one hundred twenty-five, and one senator out of forty, and if his senator and representative happen to disagree, he is *not represented at all*. Under the one-house system, elected as I have proposed, each voter would cast his vote for either eight or all sixteen members, according to the method adopted. He can watch eight or sixteen, and if he is alert, he may know from the daily newspapers on which one of them to fix the responsibility for any particular action, but he cannot keep track of 165.

Democracy does not mean numbers, but that which is more flexible, the more responsive to the will of the people is the more democratic. Eight or sixteen men, who sense their responsibility, and accountability, and who—so to speak—feel the grip of an

exacting public, will be far more democratic, far more solicitous of public approval, and much more sensitive to public criticism, than they would have been, had they been but a part of a legislature of two Houses of 165 members.

And this brings me to the matter of publicity. I would have published and distributed at State expense, a journal of the proceedings of this House so that every voter in the State, if he care, may know just what is going on.

I have not at any time proposed, as I have been credited with doing, commission form of government for the State. When it is attained, I think it must be step by step, and so my proposition is for a small, single-house legislature as the first step. If it prove a success, it will then be time to consider the question of taking another step. What we now want is a legislature in which there will be real deliberation and real responsibility, and real accountability. What we want is legislation by members adequately equipped, and adequately paid to legislate. Men who will promulgate new law only when needed. We want a better system which will bring into service better, though fewer men, and give us better, though fewer laws.

Since this address was prepared, I have received from Richard S. Childs, secretary of the National Short Ballot Organization, the result of his examination of the manuscript, for a bulletin shortly to be issued by the Kansas Legislative Reference Library on this subject. This bulletin embodies all the available literature on this subject, both favorable and unfavorable. A summary of Mr. Childs' conclusions is as follows:

First. Membership in a small one-house legislature would be more attractive to first-class talent, than membership in Congress and would rank not far below the Governorship itself.

Second. This plan would bring the legislature nearer to the people. This statement contradicts the first impression, but it is *true* nevertheless. The legislature of today is as *remote* from the people as it is possible to be. The people may rage and storm over some bill that has been passed or turned down, but the individual members of the legislature are shielded from blame, by the simple fact that each member is safely lost in the shuffle. In a legislative body with sixteen members, the newspapers would publish the roll calls on all important bills and the people would

have a clear picture of the kind of man who was representing them and the way he was behaving.

Third. The proposition would make the legislature more responsive and obedient to public opinion.

Fourth. A sixteen-member legislature would be harder to corrupt. This also contradicts first impressions. There are many who believe that the more people there are to pass upon a measure, the harder it is to pass a bill by bribery. Just the reverse is true. The more conspicuous a man is before the public, and the more clearly his responsibility is appreciated by the people, the harder it is for him to go wrong. Turn the lime-light strong upon a man and make him feel that he is performing before a big and important audience, and he will be hard to corrupt. *Light is as salutary in politics as in hygiene.*

What reason is there, may I ask, for adhering to antiquated methods in conducting the great business of the State, when in every other department of human activity, newer, more efficient and more economical methods, have been and are constantly being adopted?

Reasonable conservatism is a good thing, but let it be progressive conservatism. Let us adopt, in the management of the public business, the *progressive policies* that *every other big business is adopting in the conduct of its affairs.*

As I have already said, I am not advocating at this time the adoption of a commission form of government for the State, but the adoption of a small, one-house legislature, retaining the present separation of legislative, executive, and judicial powers. If this step shall prove successful, we may then, if necessary, consider further changes.

I have not attempted to hurry the people of my State into the adoption of my proposition. I have asked them to take it into consideration and discuss it for the next two years. I do not want to make it a party issue. I want it discussed and acted upon as an *economic question* after full and fair discussion by the men and women of all parties. I believe that such an amendment to our constitution will be submitted and adopted within the next few years, and that it will give to the people that which they never had before in any true sense—a legislature that is in a true sense *representative* and one which will be quickly

responsive to the will of the electorate and accountable to the public in the most exacting sense. (Applause.)

GOVERNOR SLATON—I move that we take a recess until two-thirty o'clock P. M.

GOVERNOR DUNNE—I second the motion.

GOVERNOR McGOVERN—On behalf of the Executive Committee, I desire to announce that Governor Eberhardt of Minnesota has been selected to preside this afternoon.

The motion to take a recess until 2.30 o'clock prevailed.

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## AFTERNOON SESSION

The Conference was called to order at 2.30 o'clock P. M., in the ball room of the Antlers' Hotel, Governor Eberhart of Minnesota in the chair.

CHAIRMAN EBERHART—The Convention will please come to order.

This forenoon I think was one of the most interesting in the history of our Conferences, and I presume affords more material for discussion than any other three papers that have been read, though we have had many splendid papers before the Governors' Conferences.

I was a little bit discouraged at first when the Governor from Alabama stated that there had been a general retrogression and deterioration of the legislatures, because I had always hoped that the truth might have been to the contrary; but when the Governor from Kansas stated that he had been a member of the Kansas legislature for at least eight years during the Republican administration, and that he was not any longer a member of that legislature, I could not but feel the Governor from Alabama was correct when he stated that there had been a certain deterioration.

It was stated some time ago that there should not be any reflection on the Kansas legislature. I spoke to an attorney general of that State a short time ago, who had been himself a member of the legislature for several years, and he protested most

strongly against the inference that Kansas did not have a good legislature, but he assured me that Kansas had as good a legislature as money could buy. There is a good deal of material for discussion, and I hope we will all confine ourselves to a short limit. Perhaps we ought to fix a limit to the discussion, and I would like to hear from every Governor present, as I know I cannot put my sentiment on record in any other way than to express my personal opinion that there is much material for discussion and many splendid suggestions made in these three papers.

I am not so sure that we would like to have a perpetual session of the legislature, but on most of the other points I heartily agree with the papers. There is no doubt whatever but what we are coming to a time when we are more strictly fixing the responsibility for legislative enactment, as well as the enforcement of the law. I am heartily in sympathy with cutting down the membership of the legislature and selecting some of them at large. Those are important problems in every State and I hope that every Governor will take occasion to express himself. I would like to go through the record and see a five minutes' statement from every Governor of the States represented here, on these important questions that have been taken up this morning.

As I understand it, there has been no five minutes' limit adopted, or any other limit, unless it may be fixed now.

Governor D'UNNE—Yesterday there was a ten minutes' limit fixed for discussions of the various papers.

Chairman Eberhart—Then, until it is determined to the contrary, there is a ten minutes' limitation, and I hope no Governor will embarrass me to the extent of asking him to desist, because when the flood of oratory has passed on to the extent of ten minutes, I shall have to close down.

I shall not take up any of this time, but I have been entrusted with the responsibility of guiding it as the presiding officer this afternoon. I sincerely trust every Governor will take part in this discussion. When I get home and get the record of this Conference, this is the first thing I am going to read, because it contains very many important problems for consideration. Let us confine ourselves strictly to those for the ten minutes allotted for discussion. Now, the questions are open for general discus-

sion and the chairman will entertain any Governor ready to speak on the question.

EX-GOVERNOR GILCHRIST—Mr. Chairman, I will start out with a three minute talk. I will say I do not consider legislators such a bad set of men as has been intimated on this floor. In fact, like many of the Governors here, I graduated from the legislature, having served four terms. Those Governors who have served in the legislature, don't generally think so poorly of their own efforts, and of their associates of the legislatures that they have been in. They know what State legislatures are. Legislators make a lot of mistakes. All of us make mistakes. I disagree too, with the proposition enunciated by some, that there ought to be one-house instead of two. I remember a prayer that used to be made by the Chaplain of the Senate. He used to come up in the morning and pray the Lord "to give the Senate wisdom to kill the bad legislation of the House."

What looks good to one set of men, looks bad to another, their viewpoints being different. So, it is well to have two sets of men —two houses to make the laws. Often times I have voted myself against measures that, two or three years later, I would love to have gone on record as having voted for—my ideas had changed in reference to them. As time goes on, you change your views. You have two or three hundred bills to enact, and your ideas change even as they come up. I have myself changed, like every gentleman here, in business; in a year or six months later, I wished to heavens I had a different view on some propositions, and so on. This occurs in legislation and in business of the day.

A gentleman stated here there ought to be longer time for legislation than fifty or sixty days. I dare say it has been the experience of every gentleman on the floor who has served in a legislature, where the legislature sat for sixty days, that for the first forty days of the session there is very little work done. They pass about thirty or forty per cent of the bills, and they dump them all in during the last ten or twelve days of the session. In Florida, two or three hundred bills go to the Governor during the last four days of a sixty-day session. Many of the bills are introduced in the first part of the session; but few are then passed, or finally acted upon. The bulk of the work

is at the end, when the measures are rushed through without consideration. It is a question of trading and swapping—you scratch my back and I will scratch your back. That is one of the main objections in the passage of laws. Then again, most everybody who goes there, is interested in the question of local legislation. Most every man is interested more in that which concerns his town and county. This is like every man looking after his own family and for himself first. And if you put the proposition to the gentlemen here assembled, we could not agree. Just like my friend McDonald, from New Mexico, said awhile ago—if some gentleman will get on this floor and introduce a resolution setting forth of what a legislature shall consist, how many days it shall remain in session, and the pay, and various items of detail, that probably not *three* members in this house would agree with the gentleman in the proposition—it would be safer to say not *one*. Our Supreme Court had decided that the Governor is a part of the legislature. What many legislatures need is a good, strong executive, who is not afraid to veto, when necessary.

GOVERNOR TRAMMELL (of Florida)—Mr. Chairman, like my worthy predecessor, having reached the office of Governor through the door of the legislature, I have a somewhat sympathetic feeling when our legislators are arraigned. I realize, of course, that legislators are as other men. Legislators are made of the same kind of clay that some of the men who get to be Governors are made of, and they make some mistakes. But, from my observations in Florida, as a rule our legislators measure up very well. I believe that we may come nearer correcting the inefficiency at the ballot and through an awakened public conscience. I know of nothing that holds a man so well in the paths of duty as public conscience. The people of his State expect of him something; and when we get that, we get improvement in legislation. We get improvement in the way of the measures that are presented and the policies that become enacted into law, and we get a more efficient service. I believe that we should have better business methods. There is sometimes laxity, from my experience, in carrying on the business of the legislature, I think that system would add much to the efficiency. In our State, the general trend of mind and the general sentiment

of the average legislator is wholesome and is in favor of those things that make for the public welfare and the general good; but we have that laxity of fooling away more or less time in the early part of the session, and then railroading legislation in the latter part. I believe some good could be accomplished by a concerted effort to adopt some business method requiring legislators to get down to work in the early part of the session. It has occurred to me that possibly if they were only allowed pay for those days that they were actually in session and at work, it may help along in this direction. In our State some of them live, of course, not so very far away, but in the early part of the week they begin to think, more or less, about whether they are going to adjourn on Friday or Saturday, and even sometimes on Thursday. We need some remedy, I think, to have them get down to business in the early part of the session, and to give greater deliberation to the matters pending for consideration.

As to centralizing greater power in the Governor of the State, as far as I am concerned, I think the Governor has sufficient power. I believe that the legislature, with its opportunity for deliberation, and with its familiarity, and its touch with the sentiment of the people back at home, that they are certainly as capable of passing upon the merits or the demerits of the various problems that are presented as the Governor would be in the hurried time in which he would have to consider all matters pending before the legislature. I would not favor giving the Governor any greater power than he has at present in legislative matters.

GOVERNOR DUNNE—It has been a great treat, Mr. Chairman and Brother Governors, to listen to these splendid papers that were delivered this morning on the question of reform of legislators. That there has been some distrust of legislators, is indicated most emphatically by the wide-spread agitation of what I believe to be one of the greatest reforms in political life, in the initiative and referendum. With most of the suggestions in that splendid, scholarly paper read to us by Governor O'Neal, I am in an entire accord. I am in entire accord with the suggestion with relation to the reduction of the members of the legislature. Legislative bodies, throughout the different States, from my experience of the State of Illinois, and from what I have read

of other States, are entirely too large. There is a divided responsibility, as has been pointed out, and the people cannot hold their representatives to the same responsibility as they could if the number were minimized and more compact. I am in entire accord with the suggestion made by Governor O'Neal with reference to the compensation paid to members of the legislatures throughout the United States. It is shocking and indecent to ask people to represent a State in the legislature and pass upon laws and help in the passage of laws of tremendous and far-reaching effect upon the people, and pay them the niggardly salaries that are paid in some of the States of the United States. I am informed that in some of the States the legislators receive one hundred and fifty dollars, or one dollar and fifty cents a day for their services as representatives of the people. In my own State, great and powerful as it is, without a dollar's worth of bonded indebtedness, where there are nearly six million people, and where we revel in untold wealth—I don't mean in the coffers of the legislature—we pay our legislators only two thousand dollars for a session of two years. If there are two sessions, they get no extra compensation. The scheme in our State seems to have been devised for the protection of the great monopolies who have interests at stake in the legislature, because it provides that two thousand dollars shall be paid to the members of the legislature, when the legislature convenes. In other words, any member of the legislature can go in on the first day of the session and draw his two thousand dollars. With what result? The result is, that what he receives in bulk, he spends freely and recklessly and at the end of sixty days he often has not a dollar, and they serve the people for the next two years, lacking those two months—many of them without a dollar in their pockets, a prey to every mercenary agent of corporate influence that may come down to Springfield to tempt them from the path of duty. We should provide that these men should be paid monthly or weekly for their service, just as they are paid in other enterprises, so that these men can stand erect and have means with which to pay their way as they go along. I think that the salary paid in our State is inadequate, and certainly a salary of one hundred and fifty dollars paid to a

member of the legislature, is grossly unjust to him and unjust to the community.

I am in favor, also, of Governor O'Neal's suggestion about the extension of the time for veto. As has been correctly cited from the Post by Governor Hodges, that article tells the truth when it says that three-fourths of all the legislation that was passed at this last session, by the Illinois legislature, was passed within the last ten days of the legislature, and I will state to you gentlemen, upon my word, that when the bills were engrossed and handed to the Governor, after they had been submitted to the Attorney General to pass upon their constitutionality, I was compelled to pass upon nearly two hundred bills of vital importance to the State of Illinois, within five days, because they did not reach me from the engrossing clerk and the Attorney General's office until five days before the time limit would expire. So that I am in favor of the extension of the time within which a Governor shall be permitted to exercise the veto power. It ought to be extended at least ten days longer, at the end of the session of the legislature.

There is just one thing on which I would like to differ slightly from the Governor of Alabama in his splendid paper.

He speaks of the initiative and referendum as a palliative. It is more, Governor O'Neal, than a palliative—it is a protective and it is a corrective—the referendum. Where the initiative and referendum has been put into force, the legislature knows that if they do not pass certain laws that the people demand, that the people themselves will force the passage of those laws, and, as a result, when the legislature sees that public sentiment is in favor of the passage of an act and that the people themselves have a right to pass that act, if they do not, they will see the coming storm, and, for their own protection they will advocate the passage of such acts. It is more than a palliative. The referendum is more than a palliative too. The referendum is corrective; and when the legislature knows that the interests are seeking certain bills detrimental to the public interests, and if those bills are passed, that the people themselves, after the Governor gets through, can veto that act, they will be very slow to pass these laws that are opposed to the sentiment of the people. It is more, Governor O'Neal than a palliative. It is a deterrent

against bad legislation, and it is corrective also of vicious legislation passed by the legislature.

Now with reference to some of the suggestions concerning that very valuable paper read to us by Governor Hodges. That Governor Hodges is an original thinker, no one will deny, after listening to that very able paper. I believe in popular government I think as earnestly as anyone, and I am compelled to dissent, in some respects, from the suggestions made by him. The time has not come, as Governor O'Neal has said, when legislative government is a failure. It needs correction. It needs remedy. It needs curatives; but that legislative government has failed, I do not propose to concede. He suggests that a very small, compact body of men, eight or sixteen, as I recollect, shall act as the legislature of the State. I am not prepared to admit that we must concentrate powers in the hands of a few men like that and abolish all legislation. That seems to be tending towards oligarchy or czardom. The people have a right to a better plan of representation than that. If the Governor of Kansas will modify his scheme in some respects, I think it might meet with popular approval. If you will advocate, Governor Hodges, in your State, and throughout the United States, the creation of a compact upper House, I will agree with you, if you will make it not eight or sixteen, I would make it fifteen or twenty-five, and I would have them act as the Senate or upper House, and I would have that Senate or upper House meet sixty days before the lower House should be convened, and I would compel, under the law, every bill that would be submitted to the legislature, to be first submitted to that upper House of fifteen or twenty-five, during that sixty days, and that no bill should be initiated in the lower House excepting such bills as have been passed upon and approved by the upper House, save and except such measures as relate to the fiscal department of the State, which I believe should originate with the House of Representatives, or lower House, as it does in the Parliament of Great Britain, as it does in the Congress of the United States, and as it does in every legislative body in most of the civilized countries of the world. Give the people the control of the purse strings in the lower House, and you will have decent government, responsive to the public sentiment.

I have been tempted, in view of the great value of these papers, to speak at greater length upon this matter, but I recognize the wisdom of the time limit on speeches—indeed it was with my full approval that a ten minutes' limit should be provided here, and in order that other gentlemen may express themselves upon this very important matter suggested by Governor Hodges in his very valuable paper, I thank the audience for the time which has been given me, and will give way to gentlemen who will probably conduct this discussion more ably and with more wisdom than myself.

GOVERNOR HODGES—You say that you would have your Senate meet sixty days prior to the lower House, and then you would not permit the lower House to take up any measure that had not been passed upon and approved by your Senate, with the exception perhaps, of appropriation bills?

GOVERNOR DUNNE—Unless, perhaps, with the approval of a two-thirds vote of the lower House.

GOVERNOR HODGES—Why do you want to encumber your State with a lower House?

GOVERNOR DUNNE—Because it is more representative. In my judgment it would cover different parts of the State, and it is more truly representative of the sentiment of the people.

GOVERNOR HODGES—But you are leaving the entire responsibility for the enactment of laws with the upper House.

GOVERNOR DUNNE—I am leaving the entire initiative for the presentation of the laws, with the upper House, because they will have that time for deliberation before the lower House meets, and can frame these laws and avoid the pitfalls you have pointed out in your very able paper this morning, where the mistakes and blunders were committed by hasty legislation.

GOVERNOR HODGES—That does not answer my question, Governor. You say the upper House must pass upon the measures and must meet with their approval before they can go to the lower House. Why then have a lower House at all?

GOVERNOR DUNNE—Because the upper House could then analyze and examine the proposed laws with deliberation. But no law should be created until it finally is passed upon by the representatives of the people.

GOVERNOR HODGES—Still that leaves the entire responsibility in the hands of your upper House, the Senate, and, in that case, there would be no use for the lower House.

GOVERNOR DUNNE—I don't think so.

GOVERNOR SLATON—I rise as an optimist on this matter of the legislature. For seventeen years I served consecutively in the legislature of Georgia from Fulton County, which is the county in which Atlanta is situated. Four years of that time I was speaker of the House, and four years longer president of the Senate, and it has been my observation that there is the same danger at a Conference of the Governors, that the old prophet stated when he told certain gentlemen there was danger of being "consumed with the zeal of their own house." There are other views of government to be taken besides the power of one man, and there are considerations that extend beyond the Governor's veto or the Governor's power. According to my opinion, the best legislation and the best advances that have been made, and history sustains that position, has come, not from the scholiast, or the professional politician, but comes from the representative who comes from the people, who may not have devoted time to the study of technical details that others might have. Now you take a juror—he is put in the position of an invisible judge, taken from the people, where he passes on human rights. He may not have understood the question of engineering, he may not have understood the questions that come within the domain of erudition, but he is put there to judge. It is the very best system which could be adopted, even though he did not have the technical information. And the idea of the legislature is, by being representative, to express the aspirations and hopes of the people in the laws, and not to have it subjected to the scrutiny of the microscope in the hands of some scholar.

Now, in my State we have one hundred and forty-eight counties. I know of nothing wiser, I know of no method that is better than to have those representatives together, no matter what the question may be, to express the sentiments of their people from all over the State—they may come from an outlying county or from the seaboard, they all come to the legislature to give a testimonial of what their particular vicinities wish, and if you abolish them, you are going to deprive the people of an oppor-

tunity to express their wishes and you would abolish all representative government. I am not in favor of giving this power into the hands of a few people. I am not in favor of empowering certain men to dictate what laws to give to the people. It may be you will not get entire efficiency; it has been stated that an oligarchy represents the higher efficiency; it has been said the most powerful government is where the power is vested in the hands of an executive, but when you come to the balancing of these powers, the best way that I know, is through a democracy, by giving a representation everywhere.

If you consult Buckle in his History of Civilization, he said the thing that maintained England against France was the education of the people to control themselves in each locality, and thereby familiarize themselves with the principles of government.

I venture to say that the Governor of Kansas has only in the last few days written the able argument he has presented to this body; the speeches that these Governors deliver here, are delivered upon the spur of the moment, but they represent the concentrated wisdom that comes from their thought of many a year. So it is with these bills introduced in the legislature, about which there is so much condemnation. Those bills introduced in the first part of the session, have, in a business-like way, gone through the committees; if the committees have discharged their duty with efficiency, then when they are presented to the House, when it becomes a technical question as to the amount of the proposed appropriation they will have investigated the subject within the first few days or the first thirty or forty days of the session.

I want to say further, that I am against the professional politicians. I do not think the legislature should be made up of men who make it their business to legislate for the purpose of getting the salary. I believe it is safer to have them come from among the people, even though they should change frequently, to express their views.

Nowadays it seems to be the idea that we ought to change the Ten Commandments, and we also ought to alter the Sermon on the Mount, and that these old things which have been the landmarks and the anchors for us shall be set aside. I think you can improve old things. I think you can perfect them. They never

will be perfect, but we should take those things that have given us the freedom we have got and amend them to greater efficiency, instead of casting them aside. It is easy to refer to incidents where legislatures have passed bills they should not have passed, but if you adopt that line of argument, Mr. Chairman, you can abolish the Twelve Apostles because one of them forsook his Master three times, and another one sold Him for silver, and another one wouldn't believe about His crucifixion until he saw with his own eyes. You can laugh at the minister; you can laugh at the people who practice medicine; you may laugh at good judges, but, at the same time, in my judgment, the lesson of civilization is that the very best form of government is to have a system of checks and balances, where the power is vested in no particular person, but where the general common sense and judgment of the people is expressed in this form, through legislative enactment; and I want to say further, Mr. Chairman, and with this I close—I think limitations ought to be put upon the sessions of the legislature. The reason that such a provision is put into the Constitution is this: The people long for the greatest possible freedom; they do not wish to have such a system of laws established and multiplied, that when they do the simplest things in life, they should step into a slight loop-hole and commit a felony which will send them to the penitentiary; therefore they say, "We wish our liberties unrestricted, excepting what we must give up for the general good, and we are not going to extend the sessions of the legislature in order to have the peculiar notions expressed at the whim of legislators put into laws to bind ourselves—an independent people."

For myself, I think the legislative system, perfected along these lines, by a delicate touch here and there, is infinitely better for the people in the States, than any of these new ideas that have been suggested. (Applause.)

CHAIRMAN EBERHART—While the last speaker touched on the question of constitutionality, there are four points that have not been touched upon at all. I think we ought to bear them in mind when we discuss these questions. One is the question of continual annual sessions; one is the question of making them non-partisan—the members of the legislature; one is the question as to whether they should be elected at large, either some or all of

them, and other questions that are very important, and I trust the following speakers will cover some of these points, from their experience with them.

GOVERNOR AMMONS—Mr. Chairman: I do not care to discuss at this time all of the questions raised, but we are here in Conference, and there are a few points I wish to mention. One is the limitation of the legislative session. We had that in Colorado for a long time. We found, that in actual practice, a limitation was the most convenient way of jobbing legislation or defeating it, and we removed that limit by a constitutional amendment; now we find, over the protest of the Governor, too, this last legislature, itself, fixed a limit to its session. I wish to say this positively. Up to the time when the rush of work came in the closing days, the bills under discussion were carefully considered; they were very well prepared, and there were, generally, very good results; but in the rush toward the close of the session, many bills that conflicted with each other, and some that were immature, were passed without being considered fully, and some of them had to be vetoed for that reason, or were in such shape that they could not be put upon the statute books. My remedy would be somewhat along the line of our present custom, but with some modification found necessary from experience. Legislators should be paid an annual salary. In Colorado we pay each member a per diem during the legislative session, limited to a thousand dollars for the term, and he receives the balance at the end of the biennial period. If the thousand dollars be used up by the per diem, he serves the remainder of the time without pay. I think that feature of it is all right and it is working well here, but we should have gone farther and prevented the legislature from fixing an hour to adjourn until it had completed its work in some sort of fashion; if that were done, I believe our system would be all right.

It has been suggested that most of the bills were passed in the last days. Why not? Bills must be introduced; they must go to committees; they must have consideration; they must go through the committee of the whole; they must go through the one house and then over to the other, and through that. There is a large amount of machinery that should be followed, if you are to have deliberation before measures are passed, and most of

this machinery is naturally completed towards the last of the session. It is not necessarily true because a large number of bills pass during the closing hours that the legislature should be criticised, as most of the session is consumed with the machinery of consideration and final roll calls naturally come as the last important act of legislation. The only thing I wished to say is that the legislature should complete its work before it fixes the time of adjournment.

Another source of great trouble in the legislature is the number of bills introduced; and this has been referred to in one of the papers. I was speaker of the House of this State twenty years ago, and at the close of the session I made this suggestion to avoid that trouble; namely, no individual member should be permitted to introduce a bill; instead he should offer a resolution that the proper committee should present a bill for a certain general purpose; the object being that there should be but one bill covering the subject. I know you gentlemen who have been members of the legislature realize that there is a great deal of personality in measures before the legislature—

GOVERNOR SLATON—May I ask the Governor a question?

CHAIRMAN EBERHART—Does the Governor yield?

GOVERNOR AMMONS—Certainly.

GOVERNOR SLATON—if a number of bills on the same subject matter are introduced by legislators, and all referred to one committee—dealing on the same subject—what would be the difficulty about the committee getting up a combined bill, or using the bill which best expressed the object?

GOVERNOR AMMONS—I was going to discuss that in a moment. We have found, from practical experience, it does not work out that way; they don't do it; but if they prepared the bill themselves, they would eliminate that feature of it. Even if you could compel them to combine all the bills on one subject into one, it still would be found that much time and trouble and expense would be involved, and from our experience I doubt if it could be accomplished. By the resolution method all personality of authors of numerous bills would be eliminated and one measure as perfect and as comprehensive as the committee could frame it would be the result. In this way you could eliminate ninety per cent of the bills introduced under the present

system. Such a plan also would dispense with an enormous amount of time and discussion because some of the bills introduced but never expected to pass,—bills which are trivial and which are not important—occupy more time in debate in the Colorado legislature than do some of those of prime importance.

I was glad to hear a discussion on the initiative and referendum. We have it in Colorado, and if any Governors who are here are looking to the future with a view of putting it into effect in their states, I wish to sound a note of warning. Be sure of all other things you do, to provide penalties for the securing of names to petitions for pay, because with that feature we have had a great deal of trouble. Let me tell you something else—here is an important feature and so far as I know it never has been provided against—that is, who shall initiate the bill, who shall prepare it? We have had a little experience. We had two utilities bills submitted at the last election. One was an absolute fake, and the other had in it provisions for which no good citizen, if he read it over, would like to vote. There was an irresponsible preparation of that bill, or there was a definite purpose to job the whole matter; and so I tell you, that while no one has been more enthusiastic for this measure than I, we have much to learn before we can make it bring about the best purposes. We must provide some safeguard under which measures shall be prepared with greater care so as to cover the subject properly, because the voter cannot put in any amendment, but must take the bill exactly as it appears on the ballot and vote for or against it as a whole. Speaking of the referendum, Mr. Chairman, the same suggestion may apply. A law can be referred here, and its operation suspended for two years by the expenditure of just a few hundred dollars.

We passed a utilities bill. It was a splendid measure, copied in part after Wisconsin, New York, California and some of the States that have made greatest progress in this line of legislation. It was a splendid bill. A movement was started to refer it. There were some business men who had been frightened. I had a conference with them and I persuaded them to withdraw the petition. Another attempt was made, with the same result; but upon the third attempt they accomplished its reference in spite of anything that could be done to prevent it.

I am like a good many here who have had some experience in the legislature. I have been in both Houses. I have seen the legislature in Colorado grow up. I have told you what I believe was the true solution. I am in harmony, I wish to say in the first place, with all the sentiments expressed here, as to their general purposes. Every one of us desires to bring about the same results. We want good legislation. We want efficient legislators, and we wish to find the best manner in which to secure them. It is not strange that each one of us has a different experience in each of these states; we may have different ideas as to how the object we are seeking shall be brought about, but that is a good thing, because I have got some ideas today that I did not have before. If we will all keep at work at this subject, we will be able to benefit each other. In our State we still have our problems to solve, and they have in the others, and, as I said on another occasion yesterday, we probably will be solving these problems for a long time to come; but here in Colorado we desire some efficient legislation. We have made progress in the last few years since we adopted the initiative and referendum. At the last session I believe our legislature did better work than it ever has before. I am confident it passed more constructive legislation at the last session than during any session of the legislature since we became a state. I am confident of that; and except for the rush at the last of the session, caused by the fixing of a date of adjournment, the legislation was well considered too.

Mr. Chairman, these matters that I have pointed out I think are important, and I believe that instead of doing away with our legislatures, we should try to find out some means by which we can improve the procedure, but not do away with the old principles.

I am in sympathy also with the sentiment expressed by my friend from Georgia. I don't know whether or not I am old-fashioned; I have been supporting a great many of the progressive measures that have been before the country and before our state in the past, but, Mr. Chairman, I still am convinced that nearly all the evils in this country have come from a violation of the old principles under which this government was organized, rather than from following them. If we shall follow these principles, improving matters of mere procedure, as experience shall

direct, we will have but little trouble. I am still in favor of the old principle that the people shall rule through all three departments provided in our fundamental law; that they shall choose their legislative bodies to make their laws; that they shall choose their judges to interpret those laws; that their executive department shall execute the laws as made by the legislatures and interpreted by the courts; and that none of these departments shall infringe upon the other. I never have heard three more interesting papers than those read here today, and while I do not agree with everything suggested, I realize that the best purpose is intended, that it has come from study, and careful study, of the subject, and that we are bound to derive benefit from it. (Applause.)

LIEUTENANT GOVERNOR WALLACE (of California)—Mr. Chairman: I very much rejoice to know that the papers that have been presented here are to appear in print later, so we will have them in our own homes, and then I will be able to make selections from all the sentiments advanced here and produce something entirely original for my own people, because they are so far away, and they will not know that these things were presented at this Conference this morning. I believe that Providence has something to do with States and their actions, as well as with men, though sometimes things are hard to understand. I could not quite understand the situation in Kansas, by which a Democrat was elected as Chief Executive of the State, but after hearing the paper presented here this morning by Governor Hodges, I can bear with it, and perhaps more nearly understand than I ever could before.

I am delighted that I was permitted to be here and listen to the paper of the Governor from Alabama. I am delighted that my friend from Arizona got out of the State Penitentiary in time to give us the paper that he gave here. You perhaps did not know that he is the only Governor of the whole bunch who has spent a part of his term in his own State Penitentiary. And I am especially pleased with the sentiments presented by Governor Hodges. I spent two hundred days in the last two or three years, watching the operations of a legislative body, and, as president of the Senate of the State of California, I observed what was going on. In our State the president may not take

part in discussions with the members of the Senate; the things he utterly disbelieves in, may be upheld and he not allowed to say a word. He presides. He does not participate in the debates; and I have watched what was going on, and I have this to say: That those two sessions of the legislature, the two main sessions, I think were great sessions, and that a great deal was accomplished. But I came away from Sacramento after the last session, determined to have something to say whether it had influence or whether it had not, against our way of carrying on lawmaking. The Governor of Kansas is practically right in everything he said this morning, I being the judge. Why should we have two houses? Why shall we do it? The answer is, because we have been doing it in this country for a hundred years; but if we did it a hundred years ago, or ten years ago, since, in many of our States we have the referendum, the reason for doing it is greatly reduced. What you want though, you say is checks and balances. What you want, is one House to check and guard against the other.

In our State we have a Governor who exercises the veto very readily, and who fails to sign hundreds of measures that are passed. He is a very marked kind of check. And then we have the referendum at work now in our State—in four cases we have tried it; and we have the initiative once in a while; consequently we have checks. Then why the two Houses? I am in thorough sympathy with the idea of one House. Somebody said this morning, in one of the papers, that the people will object to having small houses, eight or sixteen. I do not think eight is enough, and I do not think sixteen is enough. A State like California may need thirty-two, but I may learn differently later; but a lack of representation—nonsense! It would be more genuine representation, because every member of a legislature composed of twenty or thirty, can be watched. All that he does will be known. Our people are discouraged when we have one or two hundred members of the legislature; they know they couldn't follow them all—it would wear them out, and they don't try to do it. They only try to do it with a few; but you put twenty or thirty men in charge of the business of a State and their whole course will be scrutinized. The first thing to do would be to get men of the right caliber. How many

of you men here, even if you have been Governors for one or two terms, would decline being one of twenty to take part in the affairs of a great State? I would be delighted to be one of twenty or thirty to help, in as thoughtful and in as intelligent a way as would be possible for me to do, manage the affairs of a great State. I think I would have something to do that was worth while, and no one ever needed a much bigger job. I would rather do that than go to Congress, a great deal, because I would have California climate instead of Washington climate, if nothing else. But our people would not accept it at once. They would be a little slow about it; but I am sure you would get about the right kind of men—not perfect men, but about the right kind of men. The absurdity of doing things as we do! First we spend a good deal of time in getting ready to go to work. We introduce bills in our State,—nearly four thousand—over thirty-five hundred bills were introduced. Why shouldn't we have some system of examining bills? Why is it bills are allowed to come from Tom, Dick and Harry all over the country, and are introduced by the local members? Because they dare not say no! and thus particular committee dockets have to be cluttered and crowded with these bills that mean nothing; but they take time. That is all wrong. We introduced that number of bills and then we started to work. We have committees—a certain percentage of them have very little work to do. They have something to do in the evenings that calls them away, when there will be out of a Senate of forty, as we have, fifteen, twenty, or perhaps twenty-five men who will work hard. The best men in our Senate are nearly killed with overwork, for they do not do their work exclusively in the day time, but sit up till midnight and sometimes till one or two or three o'clock in the morning, in order to give proper consideration to heavy matters they have introduced in the Senate. That is all wrong. Why is it that our people or citizens have so very little influence when they come to the State Capitol and desire to go before a committee and present to that committee something that they have thought over for years, something that may be vastly important, and they are allowed five minutes possibly, at midnight? I know that very thing to have occurred. I have known a man to come six hundred miles to our State Legislature to present

to the committee on that particular question, the thought that was in his mind, which was important, as he believed, and he was given five minutes some time after midnight. Why? They hadn't time to give him longer. They were not to blame; they had so much to do. But if you had twenty or thirty men attending to the business of the State, that man could go to them, and if he had anything worth while, he could easily get an hour's time to present it fully to the committee. Those thirty-two men whom you elect to run the affairs in your State, give their whole time, and the State could pay them something near what good bank cashiers are paid, so that it will be worth while. The waste of money in our State is not in salaries to competent men, at all. It is in the wastefulness of incompetent men, that is costly—not always dishonest men, but men who are absolutely incompetent. So I say, let them be well paid, and then the citizen can go before those men, or a sub-committee of those men, and present his views and let it be understood what he wants; and as they are in session many months of the year—possibly half of the whole year, they have full time to consider everything that is brought before them.

If I owned the State of California as my property, I would rather pay \$25,000.00 a year to twenty men than to two hundred and fifty, or a thousand dollars a year to two hundred and twenty men, and I would get better returns out of it. And so will the State get better returns. You couldn't get one of our big railroad corporations, or any of our big bankers, or any other corporation, to play the fool as we do in the matter of legislation. They couldn't do business at all. They would be in the hands of a receiver early if they undertook to do what we are doing now—that is to say, have one hundred and twenty, or as in New Hampshire and Massachusetts three or four hundred men, do the critical, exacting, intricate business of the greatest corporation of the entire State—namely the State itself.

So I am profoundly thankful that we have come to a day when men open their eyes and scan things closely. We have, all over the country, men who are big enough to rise up and say that may be right, but it is not necessarily right because we have been doing it a hundred years. It has taken a good while to be willing to improve the business methods of the State; but after

a hundred years' experience, we might find better ways. I like conservatism. By the way, I am progressive—everybody is progressive nowadays. I am told that the fault with me is, just a little too much conservatism. That is what I like, but I do want to have my eyes open. I am interested in the business of legislation, in public and private matters. I once drove an ox-cart and I understand oxen. I know how to drive them. I know how to buy them; but I like to drive an automobile today. And gentlemen, there needs to be corresponding advance in legislative methods. You meet here to consider matters; you do not have to approve all of any paper, but there are presented to us many thoughts that are valuable, and from these seed-thoughts, something will grow that is valuable, and will make you and our great country know that this Governor's Conference is something abundantly worth while. (Applause.)

CHAIRMAN EBERHART—There is one very vital question that has not been touched on. Most of the Governors who have recommended that our legislatures be restricted in numbers have not yet mentioned how they should be elected, whether at large or by districts, and they have failed to mention whether they should be non-partisan or along the old line of politics.

EX-GOVERNOR GILCHRIST—Democratic.

GOVERNOR BYRNE—It is suggested by the Governor of Florida that they be Democratic.

CHAIRMAN EBERHARDT—Minnesota has made its legislature non-partisan, as well as its county and judicial officers. This is our first experiment. They made them non-partisan. Now, is it not a serious question as to whether we should make them non-partisan? I would be glad to hear an expression on that subject from other Governors.

GOVERNOR BYRNE—Mr. Chairman, I do not entirely agree with the proposition of my friend from Florida that legislators be *all* Democratic. I am willing to take a *few* on. I think perhaps that the question of what their politics should be should be governed by the political views of their constituents. They should represent their constituents. In regard to this phase of the matter, I understand from the Chairman, and I have understood before, that Minnesota provides for a ballot that is not

partisan. Governor, do I understand that this provides that all legislative and State officers—

CHAIRMAN EBERHART—Not State.

GOVERNOR BYRNE—Just legislative and county officers?

CHAIRMAN EBERHART—And judicial.

GOVERNOR BYRNE—Are to be put on the ballot in one column?

CHAIRMAN EBERHART—Yes, sir. They don't run as partisans any more. They run as individuals.

GOVERNOR BYRNE—Our State, last winter, abolished the circle at the head of the ticket, which is tending in the same direction, a little. I am a good deal inclined to believe in non-partisanship, and I am interested, of course, in every proposition to improve any branch of the public service, and any officers. I am not prepared to say that some plan might not be devised for improving even Governors, good though they are already. Of course we admit we rank above the average, but possibly even we might be improved. Now, I am much pleased with these papers. I do not entirely agree with them, but I get much from them. But I can not help feeling that in those parts of the different papers where the legislative procedure and legislative actions have been criticised, the criticism is largely of the common attributes of human nature. That is, it has been largely a criticism of people; that they don't rise to their opportunities; that they don't do the best they may. I am not ready to concede that radical changes in organization will necessarily induce people to always act patriotically, intelligently and efficiently. I have often thought that under our system there was no real need of two Houses. I think it is true, as was said, I believe, in one of the papers here, or said by some one, that the House of Lords in England represents royalty. In our Federal Government the Senate was provided to represent the States while the House was to represent the people at large. We have no such distinction and never have, in the States, and I have often thought that one House would do at least as well as two; but I am not in accord with the idea of practically abolishing the plan of a representative legislature and in its place providing a sort of Governor's Council, or something of that kind.

I believe absolutely in representative government. Of course, we all do; and it is to be noted that each of these papers and all

of these discussions are really looking to the same thing, to get better results. But what I mean by representative government, is a law-making body representing localities, representing constituencies, and I believe that the best results in legislation, in the end will be secured from the meeting of many minds of many views, from the gathering together of people representing localities and constituencies of diverse interests, and coming together and working out the problems. A wise man, in the early days of this country said: "There is somebody who is wiser than anybody, and that is everybody." I have always believed that and subscribe to it now. The best, the safest results will be had from representatives of different localities and individuals—from the common judgment of average men.

In speaking of efficiency in legislators, if you mean by that a body that can be easily handled, that can be easily controlled in any direction, for good or bad, I am not entirely in accord with it. I do not believe a legislative body should be too easily controlled. Last winter there were times when, I am free to say, I might have been glad to have abolished the legislature of South Dakota or suspended it, and selected a council of ten, fifteen or twenty of my substantial friends to get through some measures I wanted—and I will concede that we might have done better than the legislature did, but I didn't believe it would be the better way, and I don't believe so now—not at all. I agree with what has been said at different times—this may be digressing a little—in regard to increasing and extending the authority of the executive, but entirely within the executive domain. The Constitution of my State imposes upon me the obligation to see that all the laws are properly enforced, but it does not give me the effective tools to work with to that end. There could be improvement there in the interest of good government, but I don't believe it would be to the interests of good government to put practically an administrative board in the place of the legislative body. If such a council or board were sure to be made up of just the right men, if they were always actuated by right motives, they would pass or defeat laws more quickly, and might consider them more intelligently; but when they were controlled by selfish, questionable or wrong motives, when controlled by special interests or designing men, they would be just

as efficient. The efficiency of such a small, easily controlled body could be used against the public weal as well as for it.

This reminds me that the most severe criticism I have heard of the legislature in my own State, has come from representatives of special interests. For instance, in common with other States, from time immemorial, legislators in our State received passes and other privileges from railroads and other public service corporations, and it was not confined to members of the legislature. In those days the Governor always got a pass the day he was elected; the judges of the courts and all other officers. Finally it became an issue in our State, and brought a revolution in this regard. In 1907 an effective anti-pass law was passed—one of the really effective early laws of that kind, and a law restricting the operations of the legislative lobby, a law forbidding the dark-lantern methods of the lobbyists, providing they could only present their matters in open committee, in an open, honorable way. When these and other similar laws were passed, our legislature was condemned unsparingly as being populistic, anarchistic and socialistic, ineffective and inefficient, and a lot of other things of that kind; and much of the criticism I have heard of legislatures and legislators has been from these sources. I am ready to concede that legislators have been inefficient and sometimes corrupt, but have Governors never been inefficient and corrupt? Have not other public servants failed to rise to their opportunity, gone stupidly about public business, and even betrayed the public? And is it not a fact that in States and localities where legislators have been corrupt, that Governors and other officers have been derelict and unfaithful? Now, I am not alarmed at these suggestions because they are new. I am not afraid of new things at all. I have often been charged with too much of a tendency to experiment with new things, and my advent in public life is, measurably, an accident, because of my advocacy of some new things. I welcome new suggestions, but I am impressed with the fact, that it is not always true that because conditions, under present methods, are not the best, to revolutionize the methods will necessarily produce good conditions, because you are going to deal with human nature just the same. And I want to express the opinion most

emphatically, that a legislative body should be a representative body, representing constituencies.

That they will not be so effective or efficient, either for good or bad, is the absolute fact, but they will represent the views of their communities, and out of it all you will get results that will average better. As I said in starting, I have seen the time, and not very long ago, when I might easily have been persuaded that it would be better to have a few effective men with me to pass a few laws in my State that I did not succeed in getting through, and we might have done better than the legislature, but I do not approve the system. It would be paying too high for efficiency, even though it brought results at the time.

Now, I am going to do as others did to some extent, digress, if it is a digression. Reference has repeatedly been made to the initiative and referendum. South Dakota is the pioneer State in the use of the initiative and referendum. Of course, different forms of referendum have been used from time immemorial, but South Dakota was the first State to put into its constitution the provision for the people to initiate laws, and the referendum by which legislative acts may be suspended until voted on by the people. We adopted it nearly twenty years ago. I am a firm believer in and a strong advocate of it, but it is subject to gross abuse, and as the Governor of Colorado has said, it would be well for those commonwealths that are thinking of adopting it, to look to these abuses and guard against them so far as possible. The provision whereby a law may be initiated or referred by a five per cent petition, is subject to some abuse. If I had more time, I would cite some instances in detail, but I will simply say I now remember two separate instances where, for purely commercial purposes, frankly and openly expressed, without attempting to hide it, interested people referred a law, paying ten cents each for signers, for the definite purpose of suspending a salutary law for two years, not expecting to defeat it in the end. In another instance, the daily papers for some weeks at a time in our State, contained advertisements that there was a certain law to be initiated, and calling for agents to circulate petitions at ten cents a signature. I suggested to our legislature that a law be enacted making it a misdemeanor to pay or receive pay for signatures. My theory was that in sign-

ing a petition of this kind, a voter was exercising a right of franchise, and that paying him or his receiving pay was bribery. I failed to get exactly this, but I did get a law providing for a return with the petition, in which the circulator makes an affidavit that he did not receive pay. I will also say, that particularly for referring laws, it would be better if the required number of signatures were more than five per cent. We have found, in these twenty years, that if a law is passed that is really obnoxious to the people, they will come voluntarily in numbers, and you can get fifteen or twenty per cent. But with so small a petition, and allowing paying for signatures, very often, where a law is not obnoxious, the provision has been invoked to delay its operation, and I would suggest that effort be made to guard against some of these difficulties.

Now I, in common with many other Governors here, served in the legislature, and in a way learned the trade there, and I feel that our legislators are practically as efficient as other officers, and that where the representative legislative system lacks, methods may be devised to improve it without abolishing representative legislatures entirely and adopting an administrative board of council instead. (Applause.)

GOVERNOR SPRY—I desire to say I am strongly in favor of a representative form of government, and I would make that representation so wide as to include every law-abiding citizen residing within the borders of the State, I care not whether he be rich or poor, high or low, or what may be his profession. I would give every man and woman the right to be heard. I would give every man and woman the right to occupy a seat in the law-making body of the State. I am not in favor of curtailing the representation of the people. Utah, perhaps, is not handicapped as are some States represented here today. We have sixty-three members of our legislature; eighteen of whom constitute our Senate, and so far as my observation has taught me, that number is not a cumbersome body. It is easy, however, for us to stand here and criticise our legislatures. We feel there may be, perhaps, incompetency. We feel occasionally there may be a certain degree of illiteracy; we feel ignorance may be occasionally manifest, but I ask my Brother Governors, have we ever put our own ears to the ground to ascertain what our

legislatures thought of us? And it is worth while sometimes for us to take into account the men with whom we have to work and reason together, discussing the things that relate to the advancement and the development of the State that we have charge of. I believe in the legislative branch of the government as much as I believe in the executive branch, and I will give each a fair and impartial show and hearing. I am not in favor of the one-house idea, although I have the most profound respect for my Brother Hedges, who entertains those ideas. I don't see the necessity for it. I may be a reactionary. I plead guilty to being one. I am willing to let the old conditions largely remain. I mean now, in a general way, we can make improvements somewhere along the line, of course. Conditions arise that must, of necessity, be met, but our fathers who framed the Constitution of the United States, knew largely what they were doing. I am simple enough, if you are willing to consider it so—I am simple enough to believe that those men were inspired when they wrote the Constitution of the United States. I believe that the Constitution was given to this Republic as an anchorage, and I pray God sincerely that the Republic may never go so far away from the Constitution as to be considered as drifting from its moorings, because if it does, we are liable to go out at sea and drift upon the rocks and go to pieces; and therefore, I am in favor of remaining as close to the Constitution as it may be possible to remain. I remember, in talking to a gentleman upon one of our committees at the Chicago Convention last June, he said, "You talk so much about the Constitution; what is the Constitution?" I said, "Let me ask you that question; what is the Constitution?" "Why," he said, "the Constitution is nothing more nor less than the living spirit of today." Then I said, "What will it be tomorrow or next week?" If we are to be drifting constantly, changing with every wind or doctrine, where shall we obtain our guide or direction? And for that reason I want to see the States of the Union remain close to the Constitution, administering relief perhaps, where relief is necessary, but not adopting radical ideas.

In line with this, let me say that some four years ago there were a number of people in Utah who wanted the commission form of government. I tried to investigate the matter. Mr.

Wallace, who was then in charge of "Country Life," a committee appointed by President Roosevelt, happened to be in my State, and I learned from him that he was considered to be the father of the Des Moines idea. I said, "Mr. Wallace, what advantage has commission form of government over these present forms?" He said, "Well, to be absolutely frank with you, it depends altogether upon the class of men whom you elect to office. There is the secret of the success of good government, gentlemen. It depends altogether upon the class of men whom you elect to office. You don't necessarily have to have a condensed legislature; you don't necessarily have to have a commission form of government in order to obtain good men to administer the affairs of office, and I believe that the more completely you can put this proposition up to the people, the better your administration will be, and I am an advocate of the rights of the people. In line with this let me say, that in the commission form of government as it was presented to me in a bill at the time, was included the initiative and referendum and the recall, and, among other things, it was provided in the referendum, that all bills passed by this commission should be presented to the people for their approval or for their rejection; that they should be called upon to pass upon such trivial things as the establishment of a bicycle district; but after providing those things, it omitted—in fact, it went further than omitting, because that same provision specifically stated that when it came to the granting of franchises, the people had no right to pass upon those questions at all. In other words, the commission would have power to dispose of the assets of the city, regardless of the wishes of the people, and the rights of the people safeguarded by a provision that allowed them to pass upon insignificant and unimportant matters. I very promptly vetoed the bill. It was brought up again at the next session of the legislature and some of its advocates came to me and wanted to know my position in relation to it. I outlined that position. While I was not particularly in favor of the idea, yet I said, "If there is any considerable number of members of the legislature who want this provision, I will not object to it"; and so the bill passed, and we have had the commission form of government in our principal cities now for two years. But would you believe it, some

of the very people who were most emphatic in their advocacy of the commission form of government, came to me at the last session of the legislature and wanted me to recommend, in my message, the abolishment of the idea entirely? The first bill provided that out of five commissioners who were to be elected, you could take every man from the same block of the same city. I objected to that, because of the fact that I know there are various interests, in various cities in various States, and I wanted to see them elected from the various precincts where those interests were found. For instance, on our West side we have our railroads. The people living on our West side complain that the people on the East side will not appropriate money for the various improvements that are necessary upon the streets; and why should not those people on the West side have a right to representation upon the commission as much so as the people on the East side? And for that reason, I am in favor of an extensive representation in our State, also. We have our cattle men, we have our sheep men, we have our agriculturists, we have our business men, our bankers, our railroad men, our attorneys, and I think every one of those interests, and all other interests, ought to be represented, so that the real people may get an absolutely square deal; and I heartily endorse the statement made by the Governor of Georgia, when he attempted to denounce the professional politician. He is the man whom you want to stay away from, and it is not always the fellow who will undertake to shout the rule of the people, who is to be found working always in the interests of the people. (Applause.)

GOVERNOR LISTER—Mr. Chairman: I was certainly pleased to be present this morning and hear these admirable papers read, and also to be present at the discussion this afternoon. The time limit is so short that it is impossible to cover very many points. It has never impressed me, however, that the time has come that the State which I have the honor to represent as the Chief Executive, would be as well managed by the selection of a small legislative body. The commission form of government as adopted for cities, is a form that combines the legislative and executive or administrative. I do not believe any such system as that would be a good one for a State, however much the ten-

dency may be in that direction and were we to adopt the small number legislative body. This becomes something of an experience meeting. Each one can tell more about what has happened in his own State, than in any other State.

In November of last year I was elected Governor of Washington and took office on the fifteenth day of January and had some ideas as to legislation recommended to the legislature in my message. At the close of the session I found that a great many of the things recommended had not become law. I found that measures recommended by other elected officials had not been enacted into law, and began to wonder and tried to figure out the reason why; and in going over that matter, these were some of the conclusions I arrived at: On the fifteenth day of January I became Governor of the State; I had not prepared a single bill covering a single idea that I submitted in my message to the legislature. Of course, I had the skeleton of some of the measures prepared, but not a single bill was ready inside of ten days after I took office, which was twelve days after the legislature met. What was true in my particular case, was true in the case of the other State officials. I, unfortunately, was not in condition to have at hand all of the information that a Governor who had held office for two or more years would have, so there possibly was some little excuse for not having those measures prepared.

I read a short paper before our State Bar Association in Seattle a few weeks ago, and took this position: I stated at that time, that I had instructed the heads of every department coming under my control, to have ready, when the legislature met, on its first day, bills covering such recommendations as they desire to make to the legislature. Some of the Governors present who have been members of the legislature, without doubt remember the pile of reports that you found on your desk the first day of the session, and you were expected, as a member of the legislature, to go through all of those reports, and pick out from them the recommendations made by the different departments, prepare bills covering those recommendations, and then pass those bills in a period of sixty, ninety or one hundred and twenty days.

I do not believe that members of the legislature ought to be called upon to do such work. If any department in a State has recommendations it desires to make and does make, covering amendments to the laws under which these departments are managed or governed, or covering new laws, those bills ought to be carefully prepared so that on the very first day of the meeting of the legislature they can be presented to the legislature. The members should not be expected to go through all of that work in the short time they are in session. By following such a course I believe the legislature, without doubt, would be pleased to have every bill that might, in that way be called an administrative bill, presented on the first day of the session. Those bills could be early transmitted to the printer and be ready to be taken up three or four days after the legislature met. The condition in our State was this: After thirty of the sixty days had elapsed, a great many of the measures were not in shape so that the legislature could consider them. Under the system I have recommended those bills would be in their hands and could be considered at an early date. We had an automobile bill presented by our Secretary of State that would have been of material assistance in that line—it would have raised a much greater amount of money than is raised under the present law. I never heard a single individual question the advisability of the passage of that bill, and yet the bill failed of passage. We had other measures of like character. Now, would it not be wise for elective officers and the heads of departments, rather than be constantly trying to figure out a change in the entire legislative system, to spend possibly a little more time than we have been in the habit of spending, in assisting the legislators in doing their work? Possibly if such a system were adopted, we might find that days would be set aside by legislatures for the purpose of considering just that class of measures they decided would not interfere with bills that are presented by the members of the legislature and representing those things wanted in the several districts of the State from which the members are elected. Divide the two lines of work, and I believe possibly we might get better results. I have given quite a good deal of thought to this. I have taken it up with a number of our leading citizens who had not only been members of

the legislature in the past, but who have also occupied other positions in the State, and all have agreed that much better results would be obtained by following such a course.

The day has gone by when all or part of the legislative session is occupied in the election of United States Senators. That does not now have to take up the time of the legislature. If we could do all work to the end that we would do everything possible to assist the members in their work, I think possibly we would have less cause for criticising the members of the legislature and the work done.

And another point I have made with the heads of the departments, is this: That whenever a recommendation is made calling for legislative action, the department must be ready, whenever called upon, to furnish all the information needed by the committee in the consideration of that measure, and that they should not be in the position, when the committee wants this information, to make it necessary to ask the head of the department for it and he, in turn, be obliged to hunt up that information after the request is made. The department should have the information ready immediately upon the meeting of the legislature. Members of the legislature are elected and serve for sixty, ninety or one hundred and twenty days in active session. Heads of departments are there twelve months in the year and should do that line of work and not expect it to be done by the members of the legislature in a few days, or the few weeks that they will be in session during the time prescribed by the Constitution of the State.

It was said this morning by one of the speakers, that in the State of Washington and other States introducing a large number of bills, approximately a thousand bills were introduced. Of the number introduced, less than two hundred were passed. Some of the States would possibly be better off, if they hadn't passed that many, and no doubt, some bad measures were passed and some good measures were not passed and were not even carefully considered. I feel that the administrative end and the executive end of the State should take upon themselves the responsibility for the fact that some of those measures were not passed. (Applause.)

GOVERNOR McGOVERN—Mr. Chairman: So much has been said in praise of the three papers we heard this forenoon that it seems almost fulsome to add to the commendation; and yet I cannot refrain from saying that I have never before at any of the meetings of this Conference listened to three papers with which I found myself so fully in accord. This does not mean that I, or any other member outside of the three gentlemen who read the papers, agrees with everything in them; but these discussions take such a wide historic survey and deal so masterfully with fundamental principles that all who sympathize with the purposes the writers had in mind must be gratified at the presentation.

Now these splendid papers have started a very interesting discussion, so much so that we have had to limit the time in order to enable all who wished to speak to express their views concerning them. Is there no significance in this? Is there no significance, my fellow Governors, in the fact that the topic of discussion day before yesterday was "A State Department of Economy and Efficiency"; that today it is "Distrust of State Legislatures" because of inefficiency; and that tomorrow we shall listen to a paper on "Administrative Commissions" from the standpoint of efficiency? You see it is efficiency and economy all the way through; and what interests us here interests the people of the United States everywhere—not only in reference to State government, but concerning county and city government also and the national government as well.

A little while ago some one advanced the view that good government may be secured merely by putting better men in office. Others say that this object should be attained by passing wise legislative measures, this being a government by laws and not by men. For myself I see no necessary conflict between these two views and it seems to me the same public opinion that requires one will insist upon the other also.

We are all interested in efficiency now. Has it been so always? Let us inquire if there was not a time when apparently we were equally interested in securing inefficiency—no, I will not say that—let me say rather when we were interested in securing relative inactivity on the part of the government? The fact is that this constitution which my friend Governor Spry

has praised so highly was framed deliberately for the purpose of making a government that should not be too active. I respect the men who made it as highly as anyone, but I do not think they were inspired and I do not believe the document they produced is divine. I do not, therefore, consider the constitution sacred and unalterable. It seems to me rather that it is our duty in this day and generation to exercise the same openness of mind, the same freedom of debate and the same wisdom in modifying or remaking it that the Revolutionary fathers exercised in framing it originally. This, it occurs to me, is the truest and best way to honor them.

Let me prove what I have said. I am speaking now particularly of the general scheme of government within the State. The system of checks and balances that characterizes it has been mentioned. Are there not too many checks and balances? Here is the Federal government set over against the State government. Within the State each branch of the legislature is a check upon the other and the Governor is a check on both. Moreover, when the three concur the statute they have jointly framed may be set aside as invalid by the courts. This surely is not a program of efficiency. It is instead a beautiful scheme for doing nothing. It is a splendid doctrine for inactivity. It is a sovereign way not to get things done.

In saying these things I intend no reflection upon the framers of our fundamental law because at the time this scheme of government originated there was a deep seated feeling in the hearts of all the people that the most important thing was to preserve the liberty of the individual citizens. Fresh in the minds of the people of America at that time was the recollection of the tyranny of the English kings and the kings of every other European country for that matter; and the thought uppermost with them was how to safeguard the liberty of the citizen against the tyranny of government. It occurred to them that the best way to do this was by imposing upon the machinery of government this system of checks and balances, so the citizen would no longer be in fear of it. Then they entertained another doctrine which has since been discarded. They thought that property was really in danger from the turbulence of mobs. Whether or not property really was in danger from popular violence then I

do not know; but I do know that wise and good men then thought so. What is the situation now? Why, the average citizen, whether he be on a farm, in a factory, an employe of a corporation, or a merchant in a country town, has just one thing to fear—not the government under which he lives, not the turbulence of mobs, but the aggressions of combined capital, the exactions of gigantic trusts, and the oppression of Big Business. We have suffered from these causes now for a score of years until the people are looking about for a remedy and for relief. To whom have they turned? They have turned to the government, the one agency that will save them if they are to be saved at all. They have determined to wrest control of the government from the political bosses and party machines and then make it an instrument for working out social and industrial justice for the benefit of all. But to accomplish these results the government must be made more efficient even than the great trusts; it must be more prompt in its action than a railway corporation; it must be better organized than any of the enemies of the Republic that now oppress the people. Now, gentlemen, if you sympathize with the ideals of democracy, if you really believe in the rights of the common man, if you approve the principles of equality before the law and justice in industry and trade, you will want the public welfare and common right to be defended by a government that is efficient and that is strong, vigorous and able. You will endorse what the authors of these papers suggest and will seek to provide ways and means for making the government of the respective States so efficient that the common man, the ordinary citizen, will be protected adequately and promptly from all dangers that threaten him. But if upon the other hand you do not sympathize with the aspiration of the average man but are satisfied rather with things as they are, you will not be so much interested in making your government efficient. But I want to say to the members of this Conference that when they stand up here and tell us they are satisfied with the scheme of government as it is, when safe and simple means of improving it are proposed, they must understand they are declaring that in the contest now raging everywhere in America between special privilege and common right, that they are willing the people should have com-

paratively inefficient weapons and instrumentalities with which to do battle. For one I am not so satisfied. I want the public welfare championed and advocated by the best means that are at our disposal or that we can invent. And so I am in favor of the fundamental principles which underlie the suggestions of all three of these papers, principles which as I understand them have to do with making the government more efficient in its legislative department.

Now, then, if I may take the time to do so, I want to say one thing more. I do not care to go into the discussion of whether we shall have annual or biennial sessions, or what constitutional limitations shall be provided. I feel that next to the requirement that the government shall be representative is the necessity of proper methods of legislation. A great many compliments have been paid to the State of Wisconsin, all of which we fully appreciate. But if we are entitled to consideration or compliment in any one thing more than another it is this: we have tried in Wisconsin to legislate scientifically. Whenever an evil attracts public attention and a remedy for it is proposed our plan is to set experts to studying the problem, to ascertain if possible the fundamental principle that should control in applying the remedy. The principle may in one case be economic, in another social, in another political or governmental. But whatever it be, a correct conclusion respecting it is of the first importance; for no matter how a statute is otherwise drawn if it be based on the right principle, it will work. And I do not care how carefully it may be phrased if it be based upon the wrong principles it will fail. So the first thing to do is to find the principle that should control. When we have done this we search through the experience of other States and nations for information concerning the application of this principle. Thus we come upon the record of its failures and successes and often are made to realize why it succeeded in one place and failed in another. Then if we have the requisite ingenuity we add to all the devices elsewhere tried such inventions of our own as may be necessary to provide an efficient administrative machinery so as to make the principle effective in actual practice. When we have done this we feel that we have constructed a workable law and if a competent official like my friend Governor Spry

should take charge of its enforcement, it will be found not to fail in practice. But let me say that in a progressive State there is just as good a chance to find good men to enforce the law as in other States which insist upon limiting a legislative session to sixty or ninety days and upon passing statutes without any particular reference to their form.

I wish also to endorse what Governor Mann said yesterday about giving the Governor the actual power that the people now think he has. He is the leader of his party and of his people during his term of office. If I had the time, I should like to tell you of a means of harmonizing the power of the executive which it seems to me should be increased in the ways advocated by Governors O'Neal, Hodges and Hunt, with the views that were propounded here in the course of the discussion of Governor Lister's paper on a "State Department of Efficiency and Economy." We have in the State of Wisconsin a body known as the Board of Public Affairs. It consists of the Governor, who is chairman, the secretary of state, who is also State auditor, the chairman of the finance committees of the two houses of the legislature, and three appointive members, one to represent agriculture, one manufacturing and one labor. This board has now been in existence two years and constitutes a sort of commission form of government for the State—not displacing any of the constitutional departments of government, of course, but co-operating with them in introducing greater efficiency and economy in the management of public affairs and in making a survey of economic conditions, so as to bring about social and industrial improvement. When the legislature met recently the results of the investigations of this board were submitted to it, together with data carefully gathered by experts employed by the board to investigate the most urgent problems that confront the people of our commonwealth. This new agency has been created without any change in the constitution whatever; yet you will see at once how it exemplifies the idea of Governor Hodges in bringing the Governor into closer relations with the legislative department of the State. At the last session of our legislature this board, slightly changed, was made a permanent institution of State government. It has already accomplished much good and is calculated, I believe, to contribute greatly

both to the efficiency and economy of State administration. (Applause.)

GOVERNOR BALDWIN—Mr. Chairman: In discussing these subjects and considering some of the remedies proposed, I think we ought not to forget that history has something to teach us, and American history. As each of us knows most about his own State, let me say that in Connecticut, where constitutional government really began in America, in 1639, we had a small legislative body presided over, as suggested by Governor Hodges, by a Governor, and it consisted of two parts, one elected by the several local communities or towns, and the other elected at large, and they sat together. After fifty years, perhaps, it was thought wiser to form two houses, those elected by the people at large, in one, and those elected by the local communities in the other; and to retire the Governor to the executive duty, and not leave him any longer as president of either of the two houses. The Lieutenant Governor—the Deputy Governor, was made president of the upper House. That form of government endured in Connecticut during the rest of her colonial history, and past the revolutionary era; and up to when we framed our first Constitution (which is the oldest existing, with the exception of two, I think, in America). When we formed our new Constitution in 1818 it perpetuated the *regime* of an upper House elected by the people at large, representing the majority, and a majority only, and a lower House, representing the local towns and communities. But here was the trouble suggested in Governor Hodges' paper, that the minority were not represented in the upper House, and popular sentiment soon favored a revision of the Constitution, by which the choice of the upper House was made by districts carved out of the State for that purpose, and that has been our system ever since.

Now, at the time of the beginning of representative institutions in America, alluded to by Governor Mann the other day, in 1619, Virginia, if I recollect right, had but a single body in her legislative chamber. At the beginning of the English Parliament, there was but one chamber.

We have tried the experiment in American politics pretty thoroughly. When our American State constitutions were formed, one after the other, during the Revolution, or immedi-

ately after the Revolution, all but two of them, I think, provided for the bicameral system of legislation. Pennsylvania I think had one House and I believe Vermont had one also.

GOVERNOR O'NEAL—Also Georgia.

GOVERNOR BALDWIN—At all events, most of them had two chambers. It will be recollected by some of the gentlemen, I dare say, that the French Revolution, and the years of political discussion which brought it on, had a great effect upon the American constitutions. Turgot and de Mably wrote against the American system of two chambers, adopted by most of our States; and General John Adams, of Massachusetts, wrote a book in favor of the two-chamber system, which he called a Defense of the American Constitution, not meaning, of course, the Constitution of the United States (which had not then been framed), but the constitutions of the several States, attacked by the French political philosophers, largely and mainly because they had two chambers.

A great many of us have read that book of President Adams, in favor of the bicameral system. I have always believed that system to have great merits, and Governor Hodges has not convinced me to the contrary.

One other thing, Mr. Chairman, before I sit down. It is not an unmixed evil that our legislators grind out most of their grist in the last week or two, and that thereby the load is placed upon the Governor of making the product law or leaving it no law. I think that we Governors will generally be of the opinion that in failing to approve bills presented to us by the legislature, which were among a multitude passed in the last days of the session, some of our best work has been done in an endeavor to protect the people against the mistakes of their representatives.  
(Applause.)

GOVERNOR COLQUITT—Mr. Chairman, I find myself at variance with all three of the papers read this morning. I am a firm believer in our system. I am sometimes what is called a rock-ribbed constitutional government advocate, and I believe in our system of government thoroughly. George Washington and Benjamin Franklin and James Madison discussed these very questions when they wrote the Constitution of the United States, and I advise my friend from Wisconsin, and others, to read

the debates of those distinguished gentlemen in framing the organic law of our common country, and you will find that they discussed this one-house proposition. You will find that they discussed the two chambers, the Senate representing the sovereignty of the States, and the House of Representatives representing the masses of the people, and they provided expressly, not for the purpose of conferring unlimited powers of government upon the President and upon Congress, but the purpose of it was to limit those powers, and all the powers not conferred were reserved to the individual, to the citizen; and today we are here talking of and advocating policies and principles which have for their purpose, the enlargement of legislative powers, and for one I plant myself solidly on the Constitution and say that it ought to be limited, if anything, and not extended.

Under our Constitution in Texas we have enacted laws bringing about many of the reforms which our friends are now advocating in other States. I remember when the great reform Governor, or Progressive Governor of Wisconsin (La Follette) had a fight with the railway corporations, he sent his representative to Texas, and I took my stenographer and gave two hours of my time analyzing, as best I could—I was then a member of the State Railway Commission, having succeeded John H. Reagan, and gave to him such ideas as I had formed in the administration of the railway regulation laws of my State.

Now, then, Mr. Chairman, so far as the legislature is concerned, I have had to deal with two of them in Texas. There is only one Republican in the Texas legislature, and he is an honest German-American citizen, who is really a better Democrat than a Republican, and the Texas legislature named a county in his honor. This indicates that there is not so much partisan prejudice in Texas of this kind.

GOVERNOR McGOVERN—That shows that the spirit of partisanship does not run high in that section.

GOVERNOR COLQUITT—Now, the legislature did not do what I wanted them to do. I am not very sure that the legislature is to be entirely condemned for that, although both houses, with the one exception, are solidly Democratic, and I had been elected upon a Democratic ticket as Governor by one hundred and eighty odd thousand majority, I found myself, upon many of the leading

questions, at variance with the legislature, and when the legislature sent to me measures that I did not approve, I exercised the constitutional prerogative and vetoed them; and if they passed a measure which I approved in part and disapproved in part, I adopted the policy of sending them a message, which the Constitution of my State says is my duty when I feel disposed to do so, suggesting to them if they would recall the bill and take out the objectionable part, that I would give it my approval, otherwise I would veto it; and, in many instances I made a general proposition to the legislature, which was antagonistic to me because of my views upon one particular question—I made the proposition to them that I was ready to apply the doctrine of the Golden Rule, that I was willing to meet them half way, and do toward them as I would have them do toward me, and they generally did to me, in refusing to pass administration measures, just the way that I did to them when it came to vetoing bills that didn't meet my views.

It was suggested by the Governor of Alabama this morning that you appoint some agent, some attorney, to draft all the bills that are introduced in the legislature. You would get one man's ideas before the legislature by that method, and nobody else's. I can't give that my approval. You take the Minnesota proposition, how are you going to cut the partisanship out of a man's opinion? You can't do it. Out of conflict comes wisdom, and in the multitude of counsel there is wisdom. We are trying to find something new, just as the Jews did when they rejected the form of government prescribed for them by their Maker, and they, having made a mistake, we ought to profit by their example. In my opinion, what we ought to do, is to trim close to the original principles and progress in the direction of carrying out the great fundamental principles underlying our government, and not to try to progress away from them. Progress with them! That is where our trouble is. We are progressing away from them. We should progress back to them, to the original principles.

We have as good laws in the State of Texas as any State in this Union, and we have as good enforcement of them.

Under our constitution, corporations cannot exist or do business in Texas except by the consent of the State. For certain purposes

the constitution confers the powers of government upon a corporation, but it says to that corporation, "You must do business in harmony with the laws of the State regulating and controlling you." There is no danger or apprehension that corporations will overturn the liberties and the rights of the people of Texas.

As to the number of the members of the legislature; like most of the Governors, I have had some legislative experience. I used to be in the newspaper business and I used to advise the legislature, before I became a member of it, how its affairs ought to be conducted. I used to tell the Governors of my State what they should do also. I have received such advice since, myself. I went to the State Senate, where I served four years, with the belief that the number of legislators should be reduced. Our State Senate, under the constitution, is limited to thirty-one members. I found in the State Senate, of which I was a member, that the vote of a single member should control sometimes, to the extent of defeating a meritorious measure, or the passage of one that was not meritorious, and therefore I became convinced that the number of members in the State Senate of Texas should be increased. I believe in large legislative bodies, because they proceed slowly. The gist of the argument that I have heard here, is that you want to make these changes so you can have swift action. I believe in two houses, because one is a check upon the other. I believe even in the veto power of the executive, because with it you have a check upon the legislature. Of course the legislature can override the veto of a Governor, and the Governor, and anybody else, can take the legislation to the Supreme Court, for interpretation. We have a most admirable system.

Our House of Representatives is now composed of one hundred and forty-two members. I was elected Governor of Texas upon the proposition that we needed legislative rest, and not numerous unnecessary laws. By that, I mean we had too many laws that sought to regulate the footsteps and the private affairs of the individual citizen. I believe that the basis of good government is the home, and I believe in conferring all the powers possible upon the father and mother who govern the home, instead of taking away from them. We are drifting to paternalism. My friend, the Governor from Kansas, would advocate, as I understand, a commission form of government, and have it practically

in effect, and yet what is the result? The result is concentrated public opinion, after you have made a partisan campaign, where you appeal to the judgment and the conscience of the voter, and, in many instances, to the prejudices and passions of the voter, getting away from the fundamental principles of the Constitution.

The one-house proposition for the legislature, in most of the New England States, as the Governor of Connecticut has stated to you, has been tried and been discarded as impractical. The disposition of one House might be to submit itself to undue and improper influences. When a measure would pass one House by an overwhelming majority, as I have seen measures pass one House of the Texas legislature, when it would go to the other branch, after due consideration and deliberation, the measure would be defeated, and justly so.

GOVERNOR ODDIE—Mr. Chairman: There has been so much said on this one interesting question, I am not going to talk on it, but I would like to ask Lieutenant-Governor Wallace, of California, to tell us something about the operation of the law in his State whereby half of the session is given over to the admission of bills, and then an *interim* or recess of thirty days is taken, when the last half of the session is given to the consideration of bills?

CHAIRMAN EBERHART—Will the Lieutenant-Governor of California answer the question?

LIEUTENANT-GOVERNOR WALLACE—In response to the gentleman who asked the question, I will say that I cannot give you much information which would be helpful, because we have tried it only once, and most of our members would say it was a failure, that it is a waste of time and that it is quite ineffective. And there are those who would say it is very valuable, because it has aroused the interest of the people and because it has given them an opportunity, after the introduction of a bill, to consider that bill. My impression is, it is like a great many other things—it has its very good side, and not quite as good as the father of the measure expected it would have when he had it introduced. It has this one advantage, that it has, in many of the very important measures, allowed the people, particularly in the southern part of the State to gather together and canvass that measure, in the

*interim.* We have about thirty-five days of an *interim*, and, in a great many ways, it has done good. Personally I would not want to see it given up. I want to try it a term or two longer, and I think that, in general, it is beneficial. It has this weakness, that at the end of the first section of the session, when it comes to the last day or two, members will introduce bills that have no particular meaning, that have to be amended and remodeled at the next session; so that lest they should not have a chance to get the measures forward that they may think of in the latter part of the session, they will introduce something that they can transmogrify or remodel in some way so as to have something they can work on at the second session. At all events, two-thirds or three fourths of the entire body may allow the introduction of a bill at the second section of the session. The fact that it has aroused interest on the part of the people, has made them think a little more than they have ever thought, about the working of the legislature, and some things that are evil, are not done, but the biggest evils would be withheld until the last days in the second part of the session, when it would require two-thirds consent to allow them to introduce it. I think it is a good thing, but a long ways from perfect.

GOVERNOR SLATON—Do you provide for it by statutory enactment?

LIEUTENANT-GOVERNOR WALLACE—We provide for it by constitutional amendment.

GOVERNOR DUNNE—By the way, Governor, you have a provision in your constitution that is quite elastic and permits an amendment to the constitution to be made quite freely.

LIEUTENANT-GOVERNOR WALLACE—Quite freely, and so rapidly that we made twenty-one amendments to the constitution in 1911.

GOVERNOR DUNNE—We have a constitution in our State that practically makes our constitution unamendable.

GOVERNOR McDONALD (of New Mexico)—Mr. Chairman: I am sorry I have to disagree with my friend, and the cause of my rising at this point is, to a certain extent, to explain. He made a statement which might put me possibly in the attitude of criticising someone, which was not exactly correct. What I said about difference of opinion was, in this way: we might possibly meet

with some difficulties in securing what other people have elsewhere, and still they might be striving possibly for results better than we give them credit for. It just so happens that while I have been the Executive of my State a year and a half, with three years and a half yet to serve, that I am going very slowly and very carefully. It further happens that when we secured Statehood, not much was expected of us, because we were kept out a long time on the charge that we were not fit for Statehood. It further happens, when I became Governor, I went in with a two-thirds majority in the legislature against me, but I believe that legislature must have been sincere, because it passed one bill four times, and I know I was sincere, because I vetoed it every time, and that legislature which, though it had two-thirds majority, was not able to pass bills when I vetoed them.

Now I think there are two questions involved in the subject under discussion. The first assumes that there is something wrong. Is there? If there is a wrong, what lies at the bottom? Possibly it is the lack of intelligence and interest of the people themselves. Then the remedy naturally must come from the same source—the intelligence and the strength of the people themselves. We are not going very far beyond the people, and legislatures, ordinarily, fairly represent the people who elect them. No matter what changes you may make, no matter what new arrangements you may have, you will still have representatives of those people, and you will get laws practically in accord with the intelligence of the people who are behind the representatives who made them. That is my experience. I have faith in the people. I have faith that in that State where I live, conditions will improve—that we shall reap better results.

It seems to me that these three papers that have been read have been approved generally by the Governors here. They do not advocate the same things in detail, but they are reaching for the same result, and that is better conditions, better things, and we are all in favor of that. That is the reason why we all favor them. That is the reason why we are all practically in accord, because each one is advocating something that he believes is for the betterment of the conditions of the people generally throughout the country, and the reason why we cannot agree upon the details is because conditions in different States are different and

each one wants to work out his own salvation to a certain extent.

Government is not necessarily an innovation; it is not necessarily a grandstand play; but it is every-day, good, hard work; it is getting down to the level of the people we represent. If you believe they are wrong, try and convince them you are right and bring them up to your standard. That is the way you will get better government. It is not necessary to have any particular form. If your people are right and you get honest men to represent them, you will get good government.

We have had talks about efficiency and economy, but economy is included in efficiency, and efficiency means more than one thing. In the first place, an efficient man is one who knows how to do something, and it is a little more—a man who will do the right thing; that efficiency must be under supervision, and that supervision, whatever it may be, must be known to the public in the way of public sentiment. It is the publicity feature that will keep us all in line, to the end that we will do better work for our people. I believe we are all striving for the same purpose. We are all groping to a certain extent, in the dark, because humanity is fallible. We do not know, as a matter of fact, any of us, just what is best. If we were called upon suddenly to formulate some scheme which would better conditions, we would hesitate. If this Conference were empowered to formulate a plan that would govern the various States, it would take us some time; we should not get through this week, we probably would not get through next month, yet we are all striving for the same purpose, and we must not forget that it is better conditions that we are after. We are going ahead, and we will continue to go ahead. The weakness of humanity, to a certain extent, must be supplemented by the strength of individuals who can rise and raise humanity to a higher plane, and then we shall get the government that I hope we all desire and are all striving for.

I wanted to mention one of the causes that seem to interfere with the legislatures, and I want to sustain the position taken by my neighbor from Arizona. I was frequently asked during the last session of our legislature, "What is the matter with you?" Well, I was a sick man and I could not get out and find out much, but I knew what was the matter. The contest was waged upon one point, and that will be the fight next year again, because we

have done nothing yet on that. The legislature passed the bill and I vetoed it four times. We will fight it out next year, when we elect another legislature, and that is the proper place to settle it. But that was not the real thing. There were men around that legislature simply for the purpose of preventing anything being done, and you will find that frequently around many legislative bodies, the same as the Governor of Arizona said has been his trouble in Arizona; men use one thing as a pretext to defeat something else, or accomplish something else. They go further than that—they use every known method to befog the situation and conceal the real issues. When you remove the influences that surround legislative bodies brought to bear by irresponsible individuals and enable legislators to be free and act independently, you will have removed the most objectionable thing now in the way of better government. You do not really get the voice of the majority as it really exists, and that is something that should be done away with. If we get rid of the lobby and the secret caucuses, we will get something that will accomplish much for the independent legislator and better government. (Applause.)

GOVERNOR CAREY—Mr. Chairman and Gentlemen: There were some things in the paper of the Governor from Alabama to which I believe we can all agree. That is with reference to districting the States. When we organized State government in Wyoming, we had in view the question of economy. We knew we had a small population and we should avoid, so far as possible, extraordinary expenses. That our system has won out in that respect I do not think can be denied. Since we are all speaking about our respective States, I will state that in Wyoming we had no money to commence with—no accumulation of money. We have built our State institutions. We have paid for them, with the exception of a small amount of undue outstanding bonds that we cannot procure without paying an enormous price for them. We have more State money in State banks than all the capital, undivided profits and surplus of the banks of the State, which I think is a very dangerous proposition. It has been our plan to district according to counties, and it has led to bad results. The fight in every legislature is between counties. If an institution is to be established, every county is fighting for it, and the question of locality governs and not the real merits of the location.

Our system of districting is a very simple one. We district on the population, with the provision that each county shall have at least one Senator and each county shall have at least one Representative, that the Representatives shall, at all times, be at least double the number of Senators. If the State could be districted so the question of counties could be eliminated, I know from my own experience, and from what I have seen in that State, there would be great benefits derived from it.

I disagree with the Governor of Alabama on the question of limitations. Limitations seem to me to be absolutely necessary. For instance today—I dislike to say it, because I know you all own automobiles—the people have gone crazy on the subject of roads, and if the automobile man had his way he would have every State and every county bond itself beyond reason, to build roads. We fortunately have some restrictions and limitations as to what the counties may bond themselves for—good limitations—and I have been compelled to veto a number of measures, the basis of which was to create indebtedness for the purpose of building roads.

We are in rather a fortunate condition. Half the counties in my State are entirely out of debt. We have proceeded on the lines that if we want something, we will have to pay for it. This has made our people far more careful than they otherwise would have been; we can bond counties up to a certain percentage of the valuation; we can bond the State on the basis of a certain per cent of the valuation, exception being made, as I recall it, for the building of water works in cities, as the necessity for water works is such that you cannot limit a city with reference to such indebtedness. I was compelled to exercise the veto power because I felt it was right that I should do so—the constitution gave me the authority, and my own sense of duty enjoined me to veto bills that I did not believe to be right; so I suppose, after I have gone to my last home, I will be looked upon as the great veto Governor. I have vetoed more bills during the two sessions of the legislature since I have been Governor than all that were vetoed during the Territorial days and the State days of Wyoming, which is in excess of forty years. I went further; I examined the Pennsylvania case very carefully and I also found that Governor Shafroth, of this State, had exercised the power of

vetoing, not only items in appropriation bills, but parts of items in appropriation bills. The constitution is not altogether plain with reference to that, but the argument made by the Supreme Court of Pennsylvania seems very clear, and I found precedents in the State of Colorado showing that it had been exercised many times, and I think has also been exercised by Governor Ammons; has it not?

GOVERNOR AMMONS—Yes, sir.

GOVERNOR CAREY (continuing)—I also found it exercised in Idaho, and I took the responsibility not only of vetoing items and cutting items entirely out of the general appropriation bill, but where the appropriations were excessive and were not necessary, I vetoed a portion of those items. The matter was soon taken into the Supreme Court under our provision for making up an agreed case, but the court did not decide it as I would like to have had them decide it; they simply said, "So far as the voucher is concerned, it is before the Auditor, and as there is sufficient money—the Governor having left sufficient money in the appropriation to pay that—you must pay it." So when the limit has been reached with reference to the amount which I permitted to remain in the appropriation, I suppose there will be another case in the Supreme Court. I do not know what the conclusion will be, but if one examines that Pennsylvania case, he will find that the court laid down this general principle—that the Governor of a State, especially in Pennsylvania—and her constitution is identical with that of Wyoming with reference to veto power concerning appropriation bills—is a part of the legislative power of the State; that while the initiative power was not conferred upon him, it was his right to consider all the bills, and especially appropriation bills—and while he could not initiate, he could, by his veto, affect the legislation. Have we not, in the United States, drifted to that very thing? The tariff bill was approved before it was introduced, by the Executive of the United States. The currency bill has been approved and, in a certain sense, the President of the United States has helped to initiate that legislation; and assuming that the two laws—the tariff bill and the currency bill—should become laws, he has helped initiate them. We know that President Roosevelt did the same thing. We know that President Taft did the same thing. Is not every Governor of

the United States exercising, more or less, the initiative in matters of legislation? I am somewhat surprised at both the Governor of Texas and the Governor of Kansas. I do not believe a State in the Union has gone farther, in the right way, during the last twenty-five years, than the State of Texas. No man in Texas can claim to be otherwise than a progressive. They have enacted in that State, legislation that is controlling the affairs of that State; they have put upon the statute books some of the wisest laws that have been passed in any State. I may say the same of Kansas. It is true that Kansas is constantly baptized in fire and blood—we have never exactly understood it. Wealth has accumulated enormously. During the Populist *regime* in that State, nearly every farm in the State was mortgaged, but the people have paid off these mortgages; they have great credits; the State has become a wealthy State; they do not complain today because a drought overtook the State, as they complained a few years ago. Why should they? Because they have a hundred million bushels of small grain matured and in the granaries. If the corn crop of Kansas was injured, the State is affected to a certain extent, but she is still a rich State and will go on as she has in the past. Her legislature has placed upon the statute books some of the very best laws upon the statute books of any State, and we are copying them. I tried my best to obtain the passage of her tax law, which is the best one that I have yet examined in any State. And when the State of Colorado sent to Ohio and obtained an expert on these questions, he came out to the State of Colorado, as I understood, and asked, "Why did you not send to Kansas for a tax expert, as they have the best laws on the subject of taxation in any State in the Union?"

So I appeal to Kansas not to undertake the scheme that is proposed by the Governor, with reference to the legislature. I appeal to my friend from Texas to move on to progress, because this government will not live if we do not progress. The States do a great work. The government of a State is more progressive than the general government. The States do the best part of the work.

The States make mistakes; Congress makes mistakes. The good measures that are introduced in Congress, may take more than one Congress to perfect; the reintroduction of these measures

causes further consideration, and they are threshed out and worked over until, as James A. Garfield said, "You will, in the end, get the very best results." Congress is almost unlimited in its powers so far as it has the constitutional right to do things. We depend upon it, although we do believe its sessions are too long. I do not believe there is a man in this house who would not rejoice if the present session of Congress finished the business at hand today and adjourned tomorrow. I believe even the Governor of Illinois wishes that were the case.

I have a good deal of sympathy for the Governor of California. He says their legislature was in session two hundred days. That must have been very trying, but you know California is somewhat elongated in other ways. I have always felt surprised that Fremont and the others who organized the State government out there, did not take all the country there was from Mexico up to the British Possessions. They go eight hundred miles up and down the coast! Take California and set it over on the Atlantic coast; it will absorb everything, including Massachusetts, and south to and including South Carolina. Now, there are troubles in California that have to be met. There are entirely different conditions in Los Angeles from those in San Francisco. They are getting too many people at one time. They are not assimilating very rapidly, and there may be some bad things out there, but they will be straightened out. Good men are now at the helm.

With reference to the size of a legislature. I have never looked upon the New England plan as a bad plan. When John Adams visited Thomas Jefferson during almost the very last days of their respective lives, Jefferson told Adams where they had a very great advantage in New England over Virginia, and that was in the township meetings. Even since the Civil War they would get together in the New England States at town meetings, and nominate candidates for the legislature. Even in those days they believed in personal representation.

With reference to the experience I have had with the legislature of my State, I do not think they ever accused me of being dishonest, but they did accuse me of being stubborn, and sometimes, in this world you have to be stubborn. They put, however, upon the statute books much good legislation. They were opposed to me, politically. I was somewhat separated from them—I had

become a Progressive while the legislature was Republican. They passed a corrupt practice act; a general amendment of the ballot law; improved the tax laws—although not all I hoped for; provided for reforms in the conduct of the penitentiary. The legislature authorized the purchase of a thousand acres of the best lands in the State to establish thereon institutions to save boys that should not be sent to the penitentiary, and to save incorrigible girls. I am happy that so much has been accomplished.

I believe in our representative form of government. I believe in two branches of the legislative power, and you can count on the Governor, making three. I believe it has worked out well. I believe it is the best form that has ever been discovered by the minds of men. Mistakes they will make. Correct them! Get the best men possible to go to the legislature, and the Governor, with the veto power, if he will study each individual case, will succeed in getting much good legislation upon the statute books, and he will succeed in preventing much inefficient legislation going into effect. (Applause.)

GOVERNOR MANN—Mr. Chairman: Remembering the saying that the State which I represent is the Mother of States and Statesmen, I feel an inspiration in standing before this splendid audience on this occasion. If this government which I represent had anything to do with the establishment of the splendid States represented in this body, I will go away from here not only with pride, but with an inspiration I never had before.

Virginia, in the commencement, was a great territory, nobody can tell how big it was; I think one of the counties of Virginia was Illinois.

GOVERNOR DUNNE—Our first Governor was Patrick Henry.

GOVERNOR MANN—Ours was too, and I am the fiftieth Governor of the State. So I say we had a magnificent territory, and if I know anything about the history which our State has endeavored to create since 1607, it has been the history of conservative progress and of clean, righteous statesmanship.

Being the State which inaugurated representative government in 1619, I am here today to stand up for a government which has vindicated itself by prosperity such as the world has never seen. Governor Spry said it looked to him as if the framers of the Constitution of the United States were inspired. Why not?

Why not? I believe that God, who created this universe in that time when men were getting together and looking for a government which should declare and protect human life, did put into the hearts of our fathers, to establish a government such as the world has never seen before, and I believe we will never see again.

Now, I approach the subject under discussion from the stand-point of a legislator, as well as an executive officer. I was in the Senate of Virginia for ten years, and I stand here to bear my testimony and would give it under oath, if necessary, that during those ten years of legislative life, I was connected with as high and as pure a set of men as our commonwealth has ever produced. They made mistakes. Men always make mistakes. The only man who does not make a mistake, is a dead man; but live men make mistakes. But they were all struggling for that progress which I see in evidence today, not only in the splendid papers which have been read, but in the utterances which have been made by the Governors in the discussion of those papers; and I am proud to say that the executives of this great country have ever been and are striving for high ideals and are pushing forward to better things, not that they will ever reach perfection, because the human mind is so constituted that perfection is impossible. If I make a step today I can make two tomorrow, because of the strength and experience which I gained in the first step. I say I am pleased more than I can express, at the manner in which this subject has been approached and in which it has been discussed. I have been thinking about the biennial sessions of the legislature, and I want to hold myself down to the subject to be discussed. When I was first a member of the Senate we did not have the same limitation upon that body that we have now, but I found that whether we had ninety days or four months for the discharge of our duty, that bills were passed in the last ten days just as they are now, and I believe that if you extend the session to six months, that that practice will probably be the same.

GOVERNOR DUNNE—That is what happened in Illinois this year.

GOVERNOR MANN (continuing)—The legislatures of the various States, certainly in my State, have shown me these difficulties.

Why not, at the opening of the legislature, name a time beyond which bills cannot be introduced, without unanimous consent of the body in which they are offered? Now, why not? Why not pass a law that the first thirty days of a session of sixty days shall be devoted to the introduction of bills and, so far as possible, put through the consideration of those bills by the several committees, and to their passage by the legislature? But after thirty days there can be no further bills introduced; and I think that will get rid of a difficulty with which we are confronted in most all States.

GOVERNOR DUNNE—Will you pardon a suggestion? Why don't you go a little farther and suggest also, that the last day of the session be set apart for the verification of votes, and for no other business?

GOVERNOR MANN—I am perfectly willing to accept the suggestion.

GOVERNOR CAREY—Is that the law in Illinois?

GOVERNOR DUNNE—Unfortunately, no.

GOVERNOR COLQUITT—Pardon me, Governor; there is this suggestion I intended to refer to when I was upon the floor—that our constitution prevents the consideration of any bill that is not introduced three days before adjournment.

GOVERNOR MANN (continuing)—We will consider now the influence of the Executive upon legislation. Even the President of the United States, who first saw the sun in the old commonwealth I represent, and the eighth President of the United States coming from that State, claimed the right to use his influence in the passage of laws when he was Governor of the State of New Jersey, and he is doing the same thing now in the Congress of the United States. Why shouldn't he? What is he? What am I but a servant of the people? What is the legislature but the representative of those people, and why is it we work together and strive together for the interest of the people whom we represent? Now I find just exactly the difficulty which was referred to by the Governor from Washington. I do not hesitate to prepare bills and send them to the legislature and let them be known as the Governor's bills, so that there should be no false pretenses; but whether they are passed or not, you recognize the truth of what I say, fellow Governors, depends upon the man in whose

hands you place them. I used to think, when I first went to the Senate, that a good bill would go through anyhow, but I found that I had to go, like a baby, from committee to committee, until finally I got a hearing and disposed of it. Now, in cases in which I have prepared the bills, and not improperly used the influence of my office, those bills have always passed. On one occasion I prepared a very important bill. I thought the gentleman into whose hands I had committed it, understood it, and he undertook to make an explanation to the Finance Committee, and the Finance Committee reported against it absolutely unanimously, and then they commenced to think about it. Finally the chairman of the committee came up and said, "Governor, we would like for you to give us some information with reference to this bill." I said, "I cannot appear before your committee, but your committee can appear before me, and if you will come into the room where I receive committees and delegations, I will explain the bill." And I did; and every member of that committee reversed his action and voted for the bill. And why? You speak about representative government! Just in passing, I want to say this: The people fixed that; the people say who shall represent them in the legislature in the beginning, and we have to use the agents that the people have sent to perform their will. We are as much servants of the people as the legislators whom they elect. Now, these bills, as I said before that are properly prepared and sent to the legislature by the Executive, pass, and why shouldn't they?

Something has been said about localities being represented. Should they not be? Take the commonwealth I represent with four hundred and fifty miles from the line of Maryland to Tennessee, with every solid interest, fruit, garden truck, cattle, mines, and everything represented in this old commonwealth, why should not these interests be represented in the legislature of Virginia, and how can those interests be represented unless the men who are sent there to represent them, stand up for the rights of their constituents and for the interests of their constituents? I don't mean he shall be too narrow. Let us see, when he tries to be too narrow, what happens to him. Some fellow goes out into the committee before which his bills go, and says, "What are you trying to do?" He says, "I am trying to accomplish so and so," and

he sneaks off that bill, and the member says, "That may be very well in your county, but it won't suit us people. I want a bill that will suit your interests and mine." And so it goes with the representatives of the various sections of the commonwealth, until the bill is perfected and passes when it reaches the interests of all the people in Virginia, which could not be the case unless they have a local representation.

Now, there is one thing I have been thinking about in this connection, but I ought to say this:

CHAIRMAN EBERHART—Your time limit has expired.

GOVERNOR SLATON—Is it against the rule to extend the time? I move that the Governor's time be extended. He comes from the commonwealth of Virginia, and he must have the right to be heard.

GOVERNOR ODDIE—He may take the time I did not take.

CHAIRMAN EBERHART—If such is the sense of the Conference.

GOVERNOR SLATON—I understand the time is extended?

CHAIRMAN EBERHART—The time is extended.

GOVERNOR MANN (continuing)—Now, take the influence of the Governor. How does he look at the question? Does he look at it from a local standpoint? He is not to serve one particular neighborhood, one particular county, or one particular city, or any number of cities, but the whole; his horizon is broadened and he looks after the interests of all the people of the State. In going up on the mountain yesterday, the higher I went the broader became the horizon. I could see many things at the top that I could not see at the bottom, and so it is with the Chief Executive, trying to protect the rights of all the people of the State. He is in a position where he can see your rights and pass upon them with impartiality.

I have thought that it would be a good idea to suggest to the legislature of every State the appointment of a committee to take into consideration and carry into effect, the Governors' recommendations. Do you know why your recommendations are not carried out? You take a sixty-day session and every member has his course marked out. He does not present his bills and he has not the time to look into anything and nobody makes it his business to look into them, and I think a committee ought to be appointed by the two houses of the legislature to carry

into effect the recommendations of the Governor, not only to draw bills, but to stand up on the floor of the House and Senate and advocate them, and see that the members of the two Houses shall thoroughly understand the ideas which the Governor has in view and the object which he intends to accomplish by his bills.

GOVERNOR SLATON—I would like to ask the Governor—suppose the committee does not agree with the Governor, how is the committee going to conscientiously urge them, if he has no agreement with them?

GOVERNOR O'NEAL—Why could not the Governor select a representative outside of the legislature? Why not permit the Governor to appear in person, or select a representative to take care of it, or why not a member of his cabinet?

GOVERNOR MANN—I will tell you the trouble about it. A Governor has a great many friends in the legislature—I am very glad that that is true, and I suppose every one of you has, although the Governor of New Mexico doesn't seem to have many in his.

GOVERNOR McDONALD—I have several, Governor, but not enough.

GOVERNOR MANN (continuing)—Now suppose I selected a man amongst my friends, that would create jealousy and discord with the balance of them. It would be a dangerous thing even for the Governor to advise the appointing power in the two houses, on the selection of a committee to carry into effect his message. But so far as I am concerned, I am willing to stand upon the wisdom of my recommendations. I am willing to stand upon the good faith of my recommendations. I am willing to stand upon the influences which caused me to make them. I believe that the same reasons which controlled me and produced the conclusions in my mind, will produce a conclusion upon every honest man who thoroughly and impartially considers that subject. I am willing to risk that.

Now there is another suggestion I would like to make: That the committees of the two houses be together in joint session always—not find jointly, not report on the bills jointly, but when they have a discussion of the bill, or when the bill is considered without discussion, then let it be by a joint committee

of the House and Senate, so that when one house acts on it the other house would have to act upon the report of its own committee upon fair and full consideration of the bill. You can see the time that will be saved by that suggestion.

Now my friends, I don't want to trespass too much upon the privilege and the courtesies that have been extended to me, but I do want to tell you one story:

Twenty-six days before the Declaration of Independence was written by Thomas Jefferson, the Bill of Rights was written by George Mason, a citizen of the commonwealth that I represent. If you would look into that Bill of Rights, which I undertake to say, either in words or in substance, has been incorporated into the Constitution of every State in the American Union, is a great paper, which sets out the rights of the individual as individuals and members of society—I say if you will carefully inspect that paper you will find that it is one of the greatest papers that was ever written by a penman. After George Mason wrote it and the people saw the great protection it was, not in the commonwealth, but in her sister commonwealths, by whose side she had stood and fought the Revolutionary War which was brought to a conclusion upon her territory, it spread from State to State.

A friend came to him and said, "Mr. Mason, we want to show our appreciation of this splendid paper and we want to make you the Governor of the Commonwealth of Virginia," an office which no man up to that time had ever refused, nor has it been refused since, so far as my knowledge goes; Mr. Mason said, "I don't want to be Governor of Virginia." It came to him again: "Won't you let us nominate you to Congress from this district?" He said, "No; I don't want to go to Congress." They came to him and said, "Don't you want to be Senator and represent this whole commonwealth in the highest legislative body upon the earth today?" He again said, "No, I don't want to be a Senator." And then they came to him and said, "Won't you let us nominate you as President of the United States, and let you have an opportunity of advocating the great principles contained in your Bill of Rights?" And he said, "No, I don't want to be President of the United States." They then said to him, "What do you want?" He said, "Liberty for my children and my

children's children." And standing here today before this Conference of Governors, if I know my own heart, if I were asked what I wanted as the supremest thing, I would say, "Liberty and purity of progress for the whole American people, and for every one of the great commonwealths to have a star in the flag they would all follow." (Applause.)

GOVERNOR HATFIELD—Mr. Chairman and Fellow Governors: This indeed has been an interesting afternoon to me. Any Governor who attends a meeting of this nature and who will not return again to participate in its future sessions has not the welfare of the citizenship of the State he represents at heart. Of course, there are reasonable excuses, but without this, I do not think any Governor is excusable for not giving due consideration to these conferences.

The three papers read by the Governors this afternoon, "The Distrust of State Legislatures; The Cause; The Remedy," have indeed impressed me very much. They were interesting and full of good honest thought. I am in favor of anything, based upon the right kind of principles, in keeping with the constitution fostered by the fathers of 1776, which will make our laws more uniform and bring about a better and more economic condition, but I am opposed to any principle which would strike at the very foundation upon which our government is based. I do not believe in the limitation of the legislative session. I believe in work, and I believe the legislature should be permitted to stay in session until it has accomplished its work. I believe in accomplishing the achievement of legislative principles based upon argument, based upon principle, and I want to say to you, my fellow Governors, that no nation can exist based upon principles of government upon which this Republic is founded without at least two political parties, and to elect a legislator without due respect to his politics I believe will sooner or later be to the disadvantage of the State that adopts such principles. I believe in a free and full representative form of government. I believe that each county in each State of this nation should be represented in our legislative bodies. In the State of West Virginia, the commonwealth of which I have the proud honor and distinction of being Chief Executive, we have one hundred and sixteen members of the

legislature, eighty six in the Lower House and thirty in the Upper House, or the Senate.

The people of West Virginia today, progressive in principles as they are, which was thoroughly demonstrated in the last election, are in favor of increasing the number of senators to the extent of giving to each county consideration in that body. Why? On account of the diversified interests of practically every senatorial district of the fifteen in our State, it is indeed hard for a senator to represent a county that has coal mining as practically its only industry, and in another county in the same district an agricultural section that has no interest in common with the coal county. It can readily be seen that it is practically an impossibility for a senator of such a district to represent the true sentiment of the different counties that are part agricultural and part industrial.

The principles suggested in the address of the Governor from Kansas would be all right as a business proposition and would be the one method adopted if it were purely of a commercial nature. But when we come to view the whole situation which surrounds us as Governors, and when we think of the different sections of the States we represent, there is no one within the sound of my voice who can but come to the conclusion that it is fair and equitable for each section of that commonwealth to have a representative coming direct from the citizenship to represent their interests in the halls of the legislature. It is true it is more expensive, and may not be in keeping with good business methods, but the business principle, in this connection at least, is the smallest question that is involved in this great problem. To me, we have the best form of government anywhere to be found in the civilized world. As far as I am concerned, I am satisfied with the principles of Madison, Jay, Hamilton and Jefferson, and I believe in those principles, and I believe that as long as we adhere to the three branches of government, the judicial, the executive and the legislative, just so long will the Stars and Stripes float over the homes of a free and prosperous nation, and that the minimum friction as to governmental disturbances will be experienced as long as representative government is perpetuated, along the present lines of governmental regulations. I believe that we stand in governmental affairs unsurpassed by any other peo-

ple in the world. I do not believe in electing legislative members at large. I believe, as Governor Carey suggested, that we should base our legislative representation upon the population of each county. I believe that each county should at least have one member in the general assembly. I believe that it would be better if we had one senator from each county, and I shall advocate this in my first message to the legislature. This is not my idea altogether, but it is the view of a man who in the past has occupied the position that I now have the honor of filling, and has advanced this argument from the facts that I have heretofore given. One of the strong characters who advocated these principles is looked to by West Virginians with pride and admiration, being one of the first Governors who forced from the influence and power of concentrated wealth domination over the affairs of State, and gave to the citizenship of West Virginia a government controlled and run by a majority of the citizens of our State. I have reference to Governor William M. O. Dawson.

This indeed, my fellow Governors, is an important issue. The question of commission form of government for our States is indeed an important subject. It is one if adopted by the commonwealths of this government of ours, will strike at the basic principles of representative government, the foundation stone upon which our nation is based. Have we not been a prosperous nation? Can we not look back to the achievements we have accomplished with admiration and pride? It is true that we belong to that class of people who are possessed of restless minds; we are never satisfied; we are looking for ideals; we are looking for further achievements and accomplishments; we are a progressive nation of people and we are always striving for greater and more improvements, and it is indeed a laudable and commendable ambition. Some states have made more rapid strides than others. The State of Wisconsin, I think possibly is the first to adopt the legislative reference bureau, and had the distinguished Governor of Kansas a like bureau, in my opinion he would not have so much room for complaint against the legislature.

The duty of this department is to prepare bills and data for the consideration of the legislature and direct them in the channel of uniformity, and call their attention to any ambiguous or questionable language that is introduced in any measure during the

different processes through which it travels before it is enacted into law. By adopting the legislative bureau method a great deal of litigation will be eliminated and achievements heretofore not had will be accomplished. I believe if this system were adopted in every State the difficulties experienced by the Governor, as expressed in his paper, this morning, would be to a great extent eliminated. Not necessarily should this be a bunglesome commission to carry on this work, but a man at the head of this department who knows constitutional law; who can draft a bill, based upon simplicity yet give to that measure the true meaning and intention the author sought to convey. This is what we want, and it is the principle that we should advocate. We need it in West Virginia and we are going to have it. We are not going to wait for the legislature, either, to establish this important branch of the State government. We adopted in part, some methods at the last session of our legislature, during the administration of Governor William E. Glasscock, and through the suggestions of our very capable Senate Clerk, the Honorable John T. Harris, by leaving the forms that printed the original bills intact. After a bill had been read the second time and all amendments had been made, the type was replaced in the forms to conform with the amended measure. After the bill had been read a third time and passed, and submitted to the Governor for his consideration, the forms having been left intact that printed the original bill, and amended to conform with the act as it was submitted to the Governor, left the printer in position to furnish as many of the advance copies of this act as was demanded by the citizenship of our State, and in twenty-four hours after the passage of the measure the people throughout our Commonwealth could have the advantage of the work accomplished by the legislature.

It is our intention to suggest to the legislature that we do away with the engrossing of bills; by so doing we will realize a material saving, and at the same time give to the people of our State a more prompt account of the acts of our legislature.

Mr. Chairman, it is not the fault of the legislature, but it is the fault of the system. What we need is simply the adoption of methods which are more improved and which will bring about the accomplishment, the desires that we are looking for—the uniformity Sir, if you please, based upon simplicity and intel-

ligence. When this is done, in my opinion, criticism will be reduced to a minimum against our legislative body. I feel that this branch of our government is an indispensable one, and I cannot subscribe to the plan to give to the Governor, together with eight to sixteen men, the absolute power of drafting and passing any legislative enactment they choose to pass, even though reviewable by the people if a proper petition is presented from the voters. When this method is adopted you place the Governor and a select few in a position to dominate the courts and every branch of our State government. How? By passing laws that will change and revolutionize every statute, if they deem it expedient.

I served as a legislator, and during my first term the affairs of State rested very heavily upon my shoulders. But after I had spent a little time I began to make up my mind that the Sixth Senatorial District in West Virginia was not the only district. I soon came to the conclusion that there were fourteen other senatorial districts, and that the people of these respective districts were entitled to just as much consideration, that their interests were just as much at stake as the citizenship of my district. This is the best indication of keeping the government close to the people in the most representative way. And so it is, my fellow citizens, when you eliminate, when you depart from the methods of government directed by the people, you then make the fatal mistake that will bring ruin and dire disaster to the achievements and accomplishments of a great people, a great nation, in my opinion.

I thank you one and all. (Applause.)

GOVERNOR HODGES—Mr. Chairman: Governor Carey referred to my good State as a State baptized in fire and blood. I come from that great State that renews its pledges to the stars and stripes, the Constitution and the Declaration of Independence, and we renew them by drinking from the fountain of patriotism, the waters of John Brown's spring, flowing clear and limpid from the soil wherein the Declaration of Independence was written anew, where the ceaseless music of the gathered flood of golden grain flowing outward and onward, feeds the world.

Our State is a progressive State; a loyal State; a State rich in wealth and manhood.

I am not impressed with the argument or logic of some of the Governors this afternoon. I am not at all impressed, yet I defer to your judgment, being a young executive of our State—you have the right to your opinion and I entertain the same in regard to mine.

I referred this morning to one representative in our State that had one hundred and eighty-eight votes and was elected. Another representative in Kansas City, Kansas, received four or five thousand votes—two men of the same party and on the same party platform pledge, one man voted against the initiative and referendum and the other for it; their influence was *nil*. Do you call that representative government? Do you call that representing the people of those two counties? No, not by any means. It takes a decided stretch of imagination to realize wherein one hundred and eighty-eight votes in one section of the State equals four or five thousand voters in another.

GOVERNOR McGOVERN—What is the basis of representation that permits such an inequality? Is it the rule that a county must have one hundred and twenty-five votes before they have a representative?

GOVERNOR HODGES—Every county in our State, Governor McGovern, has a representative. We have one hundred and twenty-five members in the lower house and forty in the Senate.

We need more efficiency in our legislature. We lack efficiency. You say you have a fine legislature. Then why is it that there is a general demand for the initiative and referendum? You must be dissatisfied with legislatures, and the public are dissatisfied with legislatures. We need a representative form of government. We need representatives to enact our laws, and if they don't represent us, then the people are going to take it into their own hands and enact those laws themselves, just as they are now doing in the States wherein direct legislation is possible.

Some of our people say they do not believe in the initiative and referendum. The Governor of this State seemed to be criticising it a while ago. Unfortunately, we do not have the initiative and referendum. While all three parties in the State of Kansas were pledged to the initiative and referendum and had those planks in their platform, and the resolution to submit the

question absolutely fair, yet, when it reached the House, it was defeated by five or six votes. The Democrats, Republicans, and the Socialists, every one of them, pledged their members to vote for a resolution submitting to the people of the State of Kansas the initiative and referendum; yet by their action they refused to permit Kansas to have an opportunity of voting on that all-important question. Do you call that representative government? Not by any means. Our stand-pat Republican friends said, in their platform, that they did not believe in the initiative and referendum. I do. Take your Oregon law, where your proposed laws are printed by the State in pamphlet form, with the arguments for the contemplated enactment, and the arguments against it in the same pamphlet, which is sent to the voters ninety days before election—a man sits down in his home, by his fireside, with his children around him, and his wife, and they discuss those proposed laws, and, I say to you, that those voters will go to the polls and cast their votes far more intelligently than any man in the legislature who has seventeen hundred bills submitted to him for his consideration in a short space of time. We are going to have the initiative and referendum! The people are dissatisfied with political legislatures, or they wouldn't demand the initiative, the referendum and the recall.

Now, my good friends, I believe it was Governor Byrne, from South Dakota, who said our papers here today—which is true—criticised men rather than methods. But he must remember, and you must remember that a Constitution is what? A Constitution is the belief of the people who created it, nothing more or less. Canvass a State quadrangular in shape, two hundred and thirteen, by four hundred miles—that is not a patch of ground, but it is a good big State, and get the consensus of opinion of the people in that State on the question, and that is the Constitution of our State, as it should be the Constitution of these United States. So when you say you criticise those men, then you are criticising the method by which your legislators are selected by the people of the State. I too am not impressed with the idea that someone proposed a while ago, that our Constitution—the Constitution of these United States—was inspired. If so, it would have stood as a rock, and there would have been no necessity for an amendment to it, and yet an amendment was

made a short time ago whereby United States Senators are to be elected by the direct vote of the people. My good friend from Illinois knows what happened in his State a few years ago when they elected a United States Senator. So they changed the Constitution as a necessity, and the cycle of time will bring about these legislative changes in the good State of Kansas and elsewhere. The people will welcome these changes. When you fix a definite responsibility and accountability directly upon a dozen men, they will pass laws that the people of your State want. Let them be in session six months or a year, or all the time necessary. You will find men in your State exactly like Kansans. When you cut your membership to a dozen or fifteen members of the legislature, and you put your fingers upon their pulse, they will pass the laws that the people of the State want, and the people of the other States want, and your people are just as anxious for this change as we are, or you wouldn't be demanding or crying for the initiative or referendum. (Applause.)

GOVERNOR O'NEAL—Mr. Chairman: While it is not my purpose at this time to review any of the arguments which were presented in the papers which were read this morning, no one can deny, whatever may be the opinion as to the merits or demerits of the views which have been expressed, that they unquestionably have excited controversy; and I desire to express my gratification for the very kind and complimentary expressions which our views have evoked. I simply desire now to remove some misconception of the purpose I had in presenting my views on this important question. It was not my purpose to make an attack on representative government, because I am a firm believer that the system of reperesentative government was the wisest and best which the wisdom of man has. yet devised. The point which I attempted to make and which I believe every Governor here present will recognize, unless he has slept a sleep more profound than old Rip Van Winkle, is that there is distrust as to legislators, that there is a want of confidence in the wisdom and efficiency of our law-making bodies; that instead of receiving their meetings with confidence there is an apprehension which is general, which leads to business unrest and to the checking of investment. What is the cause of that

distrust? We are bound to confess it exists. Does that distrust exist because we have lost faith in representative government? No, Mr. Chairman, it is because the legislatures of the States have ceased, in many instances, to be the representatives of the people and have become hirelings of special interests—that is the cause of this distrust of State legislators.

Who can deny that the rapid growth of the initiative and referendum, which has spread so rapidly throughout the West, is not due to the fact that the people have lost faith in representative government? And yet no advocate of the initiative and referendum contends that the purpose of that method of law-making is to supersede the legislature. As Governor Wilson said, and others who have advocated that system, that it was to be used as an emergency measure where the legislature ceased to represent the people.

Now what was the theory of the fathers? The theory of the fathers in creating the legislature, was to make them sensitive and efficient organs of public opinion, and when the legislature ceases to represent public opinion, but represents the wishes and views of special interests, it is claimed there is then no other remedy except to abolish the legislature and resume the powers which are vested in the sovereign people. Are they correct in seeking so radical a remedy? My theory is that we should not, in our impatience with legislatures, undertake to abolish them. We should not, because legislatures have, in many instances, failed to enact wise and necessary laws, undertake to substitute some other system. My theory, and I believe it is the theory of the majority of the Governors here present, is that we must have a law-making body. We must have a legislature; that the defects which now exist are not absolutely fundamental, but are due to our methods of procedure, and to causes which we can remove by wise and just application of proper remedies. That is my theory, and I think that is the theory of the majority of the States; and hence I undertook, in the paper I had the honor of reading to trace the causes of dissatisfaction, and having traced the causes which we know exist, to see what remedies the wise suggestions of statesmanship would suggest.

The Governor of New Mexico said that the legislatures are simply representatives of the people and that if the legislature

does not give the people wise laws, it is because the people have failed to send proper representatives, for the legislature is on the same level with the people. There is this truth in his remark —a legislature is composed of representatives of the people, but a legislature frequently fails to represent the people. Why? On account of the methods that prevail in legislation, the dark-lantern methods employed and the concealments by which the will of the people in the different counties or communities of the State are suppressed. That is what we want to reform. Reform your procedure, make your legislature representative of the State and not of certain localities. Who represents the State? As Governor Mann said, the Governor looks out for the whole State. His vision is enlarged by the power vested in the position he occupies. President Wilson expressed a great truth when he declared that the American people today, among all classes and by all parties, are demanding leadership. They do not look to the hundred members of the legislature for leadership. They look to the Governor, and, looking to the Governor, holding him responsible as they do for all vicious legislation that may be enacted, there is but one remedy, and that is to increase the power of the Executive, increase his responsibility, not only authorize him to submit to the legislature his views on public matters, but amend your constitutions, if necessary, and authorize the Governor of the State to submit his views in bills and require the legislature to consider those bills and give them precedence in consideration over other bills. Then you have responsibility. No man denies that the want of responsibility is one of the vices of our system of government—one of its greatest defects. We ought not to be too optimistic; we ought not to assume we have reached perfection in government, because we have not. We ought not to blind ourselves to the fact that there can be improvements. It is a spirit of narrow and unwise conservatism which prevents every necessary reform in government. I cannot agree with the views of the Governor of Kansas as to a single representative body, because in reaching a conclusion on this question I cannot ignore the lessons of history. I found, when I read the histories of these different American Commonwealths, from the earliest days of the Constitutional period, that many States in this Union, and the Colonies as well, undertook the

single legislative body, and I know that wherever any State or Colony undertook to legislate through a single legislative chamber, that system failed and was universally abandoned. I know that the French Revolution furnished the most notable instance of a single legislative chamber, and that that experiment, after writing its record in blood, signally failed, was condemned and abandoned; and I know that the wisdom of ages have all agreed that in order to secure wise and just legislation, there must be a bicameral system—not the system we have had in the past, but that there should be two bodies, one, to a certain extent, a check upon the other, one representing the masses of the people and the other composed of a larger constituency and as a check upon hasty legislation, and a body that would give careful thought and consideration to every question submitted.

Now I think that from all this conflict of opinion, and all of this clash of thought, and all of these divergent views, we still move steadily forward. I believe that we will realize that our system of State legislatures is defective and that the causes that create this distrust can be removed, and that it is our duty to undertake, in order to secure efficient government in these States, to correct these defects and apply proper remedies. I believe, conservative as I am, that if the State constitutions stand as an obstacle towards progress, efficiency, economy and good government, then let the State constitutions be amended and changed in order to carry out the settled will of an intelligent constituency. And that is going to be done! There is no question of the fact that the American people are aroused today as they never have been. We cannot shut our eyes to the fact that in many States of the Union there has been a complete break down of our criminal laws. We know that in many States of this Union technicalities and subterfuges surround every criminal with a magic circle, and that red-handed murderers, through our inadequate system of judicial procedure, are allowed immunity from their crimes. We know that we can reform our criminal laws and we know that we cannot make our judicial and our educational departments—both necessary departments of the government—efficient, unless we have better legislatures. I don't believe we can legislate through an initiative and referendum; it would be absolutely impossible for the people, in their

primary capacity, to initiate, to pass and vote upon the thousand questions of legislation which every progressive State demands. The initiative and referendum will be confined to great questions of public policy, that affect the interests of the entire State, and not to the details of local legislation; and hence, as I stated in my paper, it is merely a palliative and not a remedy, because we must finally rely upon the legislature as the safest method of securing a full expression of the popular will. Every government must have—we are bound to have a body of trained men who, by experience and knowledge, can give proper consideration to questions of legislation. Who today would advocate a policy by which, in our legislatures, a bill could be introduced, and without reference to a committee, without consideration or amendment, put on its passage and adopted? We would all say that such a system was the quintessence of folly. And yet that is the result which may follow from the initiative, for any man could initiate a law without amendment, debate or discussion and submit it to the electorate. And hence I say, admitting all these evils, we come back to the original proposition, that there is a distrust of the legislature; that this distrust is well founded, but that this distrust is not so fundamental that it is not susceptible of being cured by wise legislation and by improvement in our machinery of legislative procedure; I believe, while I have no absolute, fixed conviction on what is the safest and most certain remedy, I know that there is something wrong I know there is too much legislation—I know there is too much unwise legislation—I know that the citizen is hampered and restricted on every hand by unwise and vicious laws, and I know that the American people will not submit forever to these conditions. I believe from the very fact that this question has excited such profound interest and such a variety of views, that the Governors of every State realize, notwithstanding the optimistic tones in which some of them speak, that we have not yet reached perfection in our legislative branches of government; and every Governor here knows there is less complaint by the people of the States of our judicial and executive departments than there is of the legislative. The legislature is the weak feature in our whole system, and what I advocate I believe is the only remedy—to restore the annual system—to pay an adequate

salary—to remove all unnecessary restrictions upon legislation—not to sap our legislatures of their constitutional vigor, but make them what they were intended to be—the most important organ of government through which the people alone can secure the most intimate measures of self-government.

I am gratified to know that this question has aroused attention everywhere. So far as Kansas is concerned, I have no objection to that State trying the experiment of a single legislative body, but Kansas is in a peculiar situation. It has not the varied resources of Virginia or Georgia or Alabama, and there would not be the conflict of interest there would be in my State; but let Kansas try the experiment, because, gentlemen, it is only through experiment that we can determine the merits of any theory. If, after actual trial by Kansas, it is ascertained that a single legislative body composed of the small membership suggested, can overcome the evils of our present legislative system, then other States, with interest similar to those of Kansas, can afford to follow their example.

I am inclined to believe, however, that a single legislative body will fail to secure the results its advocates expect, and that we must continue to rely upon the bicameral system with such reforms as experience has suggested as the surest and safest method of securing the benefits of popular representative government. (Applause.)

GOVERNOR TRAMMELL—I believe, according to the programme, we are to have a banquet at seven o'clock tonight. It is now after six. I wish to make a motion to adjourn.

GOVERNOR McGOVERN—I wish to announce that Governor Haines of Maine is expected to preside at the morning session.

CHAIRMAN EBERHART—The Chairman appreciates the courtesy and the kindness on the part of the House of Governors in selecting him for Chairman this afternoon. I think I can truly say that no afternoon has been spent by the Conference of Governors, at any session, that has been more instructive. I am willing to concede for one that the State of Minnesota has perhaps made a mistake in providing for non-partisan legislators, and I am willing to abide by the experience of our distinguished Governors from West Virginia and Texas, when they said that a

bi-partisan legislature is absolutely essential; and when one single lonely Republican in the State of Texas has accomplished so much good for that State in counselling the rest of the members of that legislature, I am willing to yield.

GOVERNOR McGOVERN—I second the motion to adjourn until tomorrow morning at ten o'clock.

The motion was carried.

## FOURTH DAY

FRIDAY, AUGUST 29, 1913.

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### MORNING SESSION

The Conference was called to order at ten o'clock by Governor Haines of Maine, in the chair.

CHAIRMAN HAINES—The Conference will please come to order.

The paper this morning is by Governor Dunne of Illinois, upon "The Growth of Administrative Commissions," a most important matter, and as it is to be discussed quite extensively I hope, I will not occupy any time in the introduction of Governor Dunne.

GOVERNOR D'UNNE—Mr. Chairman, and Gentlemen: Of course it is a matter of knowledge that is common to all of us, that probably no question has engrossed so much of the time of the legislatures and attracted so much public attention during the last eight or ten years, as the control of the great utility corporations of the States and the United States, from Massachusetts to California. There has been an insistent demand from the people, that some legislation be enacted which would look to the public ownership of these utilities, or the effective public control of these utilities. The situation with reference to the control of these utilities in the great State of Illinois, has become a very important question. During the campaign of 1912, so insistent were the demands of the people that these utilities should be controlled in some effective way, that all three parties in our State incorporated in their platforms a demand for the control of the public utilities of the State; and after the election was over and the Governor was inaugurated, of course it became his duty to give the matter some careful thought.

As the result of not only the pledge of his party, but the pledge of all three parties, a bill was framed in our State under my supervision, in conjunction with the Professors of the Uni-

versity of Illinois, Professor Dodd, Professor Fairlie and Professor Kinly, which, in the judgment of the Governor, was a bill in accordance with the demand of the people of our State. The bill was submitted to the legislature, amended very materially in one particular, and finally was passed and submitted to the Governor for his signature. The question arose as to what the Governor's duty should be—to sign the bill in the shape it came to the Governor, veto it, or wait for the passage of another utility law. I gave it such careful thought and scrutiny as I thought the importance of the subject demanded, and, as the result of that scrutiny, attention and deliberation, I reached the conclusion that it was a bill which should be signed. After the passage of the bill, I got into communication with the secretary of your body, and, at the request of the Executive Committee, I prepared a paper which, with your consent, I will read, touching the question of the progress of the control of public utilities.

#### "THE GROWTH OF PUBLIC CONTROL OF UTILITIES."

GOVERNOR EDWARD F. DUNNE OF ILLINOIS

Prior to the year 1905, practically all municipal utilities and all other public utilities excepting railroads and warehouses were conducted in the different States of the United States, Massachusetts excepted, free from State control.

Nearly all of them were privately owned by private corporations or individuals. The avowed aim and object of these privately owned utilities was to make money for their owners and stockholders in furnishing the product of these utilities to the consumers thereof.

Being free of governmental control, the temptation of the owners to make as much money as possible within the limits of their charters was strong; and almost universally the owners yielded to the temptation. By means of extortionate charges, and often by cheap and inefficient service, the stockholders swelled their dividends at the expense of the unprotected and exploited consuming public.

So enormous became the dividends of these private owners of these utilities and so grievous the impositions upon the ordinary citizen consumer, that the people at last lost patience, resented their exploitation, and went to the polls with the demand for the redress of intolerable conditions. In some localities it took the form of the demand for public or municipal *ownership* as in the great city of Chicago, where in 1905 a mayor was elected upon a municipal ownership platform. In other localities as in the States of Wisconsin and New York it took the form of a demand for State *control* of these utilities. In both of these States public utility commissions were created by law, which were given more or less drastic control over all the public utilities of these States. Since this time the demand for either public ownership or public control of these utilities has been heard around the whole world. Public ownership has since been put into force to a greater or less degree over steam railroads, street railroads and telegraph, telephone, gas, water and electric light plants in Great Britain, France, Germany, Switzerland, Austro-Hungary, Russia, South Africa, Australia, Brazil and other countries. Indeed, in Great Britain the movement towards public ownership began long before 1905. The spread of public *ownership* in the United States has been limited mostly, however, to water, gas and electric light plants. The demand for adequate public *control* has grown apace in recent years among all of the progressive States of the Union. It has already been crystallized into law in twenty-two States of the Union in the following chronological order:

|    | 1907.      | 1911.             | 1912.             | 1913.              |
|----|------------|-------------------|-------------------|--------------------|
| 1. | New York.  | 5. Washington.    | 12. California.   | 16. Missouri.      |
| 2. | Wisconsin. | 6. Nevada.        | 13. Rhode Island. | 17. Illinois.      |
|    | 1908.      | 7. New Hampshire. | 14. Oregon.       | 18. Maine.         |
| 3. | Vermont.   | 8. Kansas.        | 15. Arizona.      | 19. Colorado.      |
|    | 1910.      | 9. New Jersey.    |                   | 20. West Virginia. |
| 4. | Maryland.  | 10. Connecticut.  |                   | 21. Indiana.       |
|    |            | 11. Ohio.         |                   | 22. Montana.       |

Illinois has just adopted a most comprehensive law on the subject.

The method pursued has been that which was first inspired and outlined by Senator LaFollette in Wisconsin, which placed the absolute control of all such utilities insofar as fixing rates and

regulating the schedules and operation of these utilities in the hands of a public utility commission appointed by the Governor.

The law which has been in force in Wisconsin for about six years has been pronounced by many of the advanced thinkers of the day as the best and fairest law as yet enacted for the control of public utilities in the interest of the commonwealth. It is claimed for it that it is securing for the citizens of Wisconsin adequate service at reasonable rates without working confiscation or injustice to the owners of these utilities. It is certain that there is no demand for its repeal or vital amendment by the citizens of Wisconsin after six years of experience therewith.

So far as I have been able to investigate it seems to be meeting all of the demands and requirements of that great and progressive State.

Many of the most progressive and best informed political economists of the country have commended it in most emphatic terms.

And yet while it is admirably adapted to the requirements of Wisconsin and most other States, it fails to cover certain situations which prevail in other commonwealths.

In New York, Pennsylvania, Illinois and some other States there exists tremendously great cities such as New York, Philadelphia and Chicago, which have within their corporate limits greater populations than exist in most of the States of the Union —imperii in imperio—which have utility problems peculiar to themselves, differing in many respects from the utility problems of the ordinary city. These great cities are as well equipped financially, scientifically, and strategically to cope with the great utility corporations as any State.

They can secure high grade lawyers, engineers, accountants, and other experts just as easily as the utility corporations who occupy their streets.

Their citizens are possessed of civic pride and confidence in their ability to manage their own affairs.

A strong sentiment exists in such cities in favor of the contention that the settlement of all questions relating to the intra-urban utilities of such cities should be made by some committee or commission elected or appointed within such cities. No pro-

vision for such cases is made in the Wisconsin public utility law.

The State commission appointed by the Governor under that law has absolute control over all the utilities within the State publicly owned as well as privately owned; intra-urban, inter-urban and state-wide.

All intra-urban utilities are given by the law indeterminate franchises. The cities of the State may take the initiative in fixing rates, schedules and the character of the service, but the State commission reserves the right to revise same and determine what is reasonable and finally make pronouncement of the same.

Were the cities of New York, Philadelphia, Chicago or St. Louis within the confines of the State of Wisconsin they would be powerless to control the service or rates of the public utilities within their confines, except in the first instance. The final determination of these matters would be vested in the State commission.

Such is the situation with reference to the city of New York, in the State of New York. The public utilities of that great city are controlled by a State appointed commission selected by the Governor of that State. Under the public utility law of New York, the Governor appoints two commissions, one having jurisdiction of all the utilities of the city of New York, and the other having the control of the utilities outside of the city of New York, and the telephone and telegraphs of that State.

The New York commissions, so far as I have been able to discover, have been giving public satisfaction. The only complaint urged against them being the high cost of administration. Even though the cost of administration of the New York Commissions is large, it seems to be conceded that they have more than paid for themselves in the savings that they have made to the citizens of New York in the regulation and control of the utility corporations.

There is, however, ground for the contention that our great metropolitan cities, possessed as they are of enormous resources, with their ability to secure the very highest character of expert help, such as lawyers, engineers, expert accountants, and scientists; should be permitted by commissions or otherwise to control the service and rates of the public utilities within their

corporate limits, subject, of course, to the revision of the courts; as the State commissions in the different States are also subject to final review by the courts of the State.

Indeed, many cities of lesser importance, both in population, wealth and commercial strength in the State in which I live have been contending that they are equally able as are the great metropolitan cities, to control the service and charges of the utilities within their corporate limits. This contention, however, is opposed by some of the best informed and most widely read political economists of the day.

Interstate Commerce Commissioner B. H. Meyer in an able paper read by him on December 6, 1912, before the Minnesota Academy of Arts and Sciences vigorously opposes this contention. In this paper he declares, "A distinction must be drawn between the small cities and the large centers of population, such as New York, Chicago and St. Louis." \* \* \* "To vest the control of utilities in the hands of local municipal commissions generally means diversity in treatment, wastefulness, inefficiency and insecurity." \* \* \* "The small city cannot afford to establish laboratories and to employ thoroughly trained men to conduct the necessary work in them. They cannot command the expert knowledge and skill without which regulation must always be a mere pretense." \* \* \* "With the exception of the large centers of population, which may advantageously have a commission of their own, I do not believe that the question of local or central commissions is fairly a debatable one. An attempt to regulate public utilities through local commissions means the election or appointment of many different individuals in every State. It is inconceivable that it should be possible to find men enough in all these different cities and villages able and willing to undertake the work." \* \* \* "Very few cities in any of our States can afford to establish and maintain properly equipped laboratories, make expensive statistical compilations bearing upon every branch of service, organize and maintain staffs of men skilled along the various lines of engineering, statistics, etc." \* \* \* "The number of men available for this class of work is limited in every commonwealth." \* \* \* "A State utilities commission can, and should, place at the disposal of every community in that State all the information and

technical skill which it commands. It cannot only inspect and regulate service and prescribe rates to be charged for this service, but it can be an active agent in the diffusion of knowledge, which will insist upon better service at reasonable rates, and which will place a check upon unreasonable demands and unreasonable opposition and hostility. The central commission can act as a clearing house of information." \* \* \* "The central commission has a direct tendency to purify local politics. In a word, the central commission means uniformity, efficiency, economy, freedom from politics, improved service, improved business conduct, universal publicity, reasonable rates." \* \* \*

Dr. Clyde L. King of the University of Pennsylvania, a recognized political economist of standing is also of the same view. In his work on the "Regulation of Municipal Utilities," published in 1912, he declares, "As the more difficult problems of utility regulation are State-wide problems, they can be adequately coped with only, by State commissions. The third element essential to a constructive policy, therefore, is that there must be in all States with a considerable urban population a State public service commission." \* \* \* "The best interests of the State, of the cities which do not care for the added expense of special commissions, and of the great urban centers will all be best subserved under a State commission with State-wide powers with subordinate city commissions in each of the largest cities."

In the same work on page 256, Professor King declares, "For the following reasons the author is convinced that a State commission is essential, whether or not separate municipal commissions exist." In the first place, only a State commission can secure all the data essential to intelligent regulation. Relatively small cities will not go to the expense of securing even partial information, and hence their only reliance must be upon State commissions." \* \* \* "Duplications of laboratory equipment is avoided through the creation of a single state commission. Only a State commission can secure the required data because of the extensive intercorporate relations of municipal utilities. Interurban street railways now traverse considerable portions of almost every State in the Union. Municipal water concerns have alliances of all kinds with other industrial concerns in the State. So also do electric, gas and sewer companies." \* \* \*

"It is clear that a municipality with only limited and enumerated powers could never endow a commission with adequate power to probe into all the data essential to wise regulation of even the city's own affairs. The problem is a State-wide one, and hence can be adequately coped with by the State only." \* \* \*

"Again, a State commission is necessary in order to secure the comparative data necessary for intelligent regulation in any city. To be of value this data must be uniform." \* \* \* "Through a State commission only can the needed uniformity be secured."

\* \* \* "A State commission is also necessary in order to protect interurban and intercounty services. It should not be in the power of local governing bodies to inflict great injury on other cities or other parts of a city either by adverse legislation or by hostility in administration. One city should no more have the power to thwart public service in another city; than one State should have the power to thwart the commerce of another State by adverse regulation of inter-State commerce. The use of county roads and county bridges by utilities, especially street railways doing an extensive State-wide business must be subject to State-wide supervision." \* \* \*

"A State commission is necessary in order to give adequate protection to the investor in utility concerns." \* \* \* "And finally a State commission is needed in order that municipal commissions may be effective regulative agents." \* \* \* "Just because the State's powers are larger, a State commission will often be advantageous in assisting a city to cope with its public utility problems. Moreover, municipal regulation must be "reasonable," say our courts. It will be more difficult in many cases to justify a rate as reasonable when it applies to one municipality only, than when it applies to the whole State. A common State-wide rate may bring a reasonable return, and hence will be upheld by the courts when it would not bring in a reasonable return if adopted for a single city or group of cities. Without State aid, any given city, moreover, would find it difficult to secure accurate information for the just assessment of its public service concerns, especially if they do interurban or intercounty business. The city will find the assistance of a State commission to be indispensable. These considerations point to the necessity of the existence of a State commission with full powers. But the

existence of a State commission will not, even under ordinary circumstances, especially in States with large urban populations, dispense with the need for municipal commissions. Quite to the contrary, municipal commissions will still be essential in the very large city." \* \* \* "If a choice must be made, however, between State and municipal commissions, the State commission must be chosen. The State commission in existence, local municipal commissions may then be advantageously created for the largest cities." \* \* \*

State-wide commissions are also emphatically favored by such writers on economics as R. A. Campbell, secretary of the Wisconsin State Board of Public Affairs; John H. Roemer, chairman of the Railroad Commission of Wisconsin and John M. Eschleman, president of the Railroad Commission of the State of California, in which latter State both State-wide and municipal commissions have been provided for.

John A. Lapp, librarian of Indiana, in review of the Public Service Commission Laws of the United States, published by himself in 1911 states: "That the impetus given to the subject (Control of Public Utilities) by the model laws of New York and Wisconsin seemed to presage an era of public utility control by State commissions."

The State of Illinois within the last sixty days has been confronted with the duty, and engaged in the operation, of framing a public utility act, which was passed by the legislature on June 20th of this year, and signed by myself as Governor a few days later. All three political parties incorporated in their platforms of 1912 a demand for the regulation of public utilities in the State.

In my inaugural message as Governor I advised the passage of a public utility law, and with the assistance of Professors Fairlie, Kinly and Dodd of the University of Illinois I framed a law which I thought was suitable to the conditions and requirements of our State, and this law I submitted to the legislature for passage.

The legislature passed the law substantially as submitted, save and except, that it struck therefrom an article reserving to the larger cities of the State the right to regulate and control the intra-utilities within their boundaries.

This article was stricken from the law as drafted. It was numbered article 6, and was familiarly called the "Home Rule Section." It provided substantially that all cities of the State whose population exceeded 25,000 should have the right to control and regulate the utilities within their corporate limits. If the article as originally drafted, which broadly and in the most generic and comprehensive language protected the cities of over 25,000 in the regulation and control of their public utilities had not met with opposition from some of the larger cities, I believe the bill as drafted would have been crystallized into law.

The provision of article 6, however, as originally drafted by myself and my advisors was declared not to be sufficiently explicit and comprehensive by some of those who believed in preserving the right of home rule in the larger cities, and in the endeavor to re-draft this provision at their request so as to make it more explicit and comprehensive, much time was taken which delayed placing the bill upon its passage until very late in the session.

This delay, I believe, was one of the causes contributing to the failure of the passage of the bill as finally drafted. When article 6 or the home rule article was finally agreed upon by all the friends of home rule in the larger cities, including myself, it was submitted to the legislature towards the end of the session, and in the turmoil and confusion which usually results in attempting to pass bills during the last few days of the session, article 6, over my objection, was stricken from the bill, and the bill was passed by the legislature and submitted to me for my approval with the home rule provision stricken therefrom. I was thereupon confronted with the duty of either vetoing or approving the bill in this form, and after careful and mature consideration I finally determined in the interests of the general public of the State it was my duty to sign the bill as passed, which I did.

The law as passed places broad and comprehensive control of all the public utilities of the State, including steam railroads, electric railroads, warehouses, gas, telegraphic, telephone, and electric light and power plants, water plants, and all other utilities of the State, under the control of a commission of five to be appointed by the Governor, not more than three of whom shall belong to any one political party.

As finally passed it is framed along the lines of the Wisconsin law with at least two material changes. 1. Under the Wisconsin law the State commission has control of all publicly owned utilities. The Illinois statute expressly excludes from the jurisdiction of the commission the control of publicly owned utilities. 2. The Wisconsin law makes all franchises of the State of Wisconsin indeterminate. In other words, the private utility companies of Wisconsin are made private monopolies, perpetual during good behavior, with the right reserved to the State to control the services rendered and the rates charged, with the additional right to the public to acquire the plants at a fair price to be fixed by the commission.

The Illinois law has no such provision. The cities of the State of Illinois have still the right to fix definite terms for all franchises given by them to private corporations.

Every line and section of the act as passed was examined and approved by the attorneys representing the large cities of the State, and was conceded by them to be entirely satisfactory, provided that article 6, or the home rule article heretofore referred to, should be incorporated in the act. I exerted every possible effort to secure the incorporation of this article in the act, but failed to persuade the legislature to allow it to remain therein on the final passage. After the passage of the act I was urged with much vigor and earnestness, principally by the public officials of the great city of Chicago, to veto the whole act.

To have done so, in my opinion, would have been unjust and unfair to the rest of the State outside of the city of Chicago.

Chicago has a population of about two and one-quarter million. The State a population of nearly six million. In our great State there are public utilities of every character. First, intra-urban; second, inter-urban; third, State-wide utilities.

There was a crying demand for the control of all of these utilities as the result of the rapacity of many of them, and their scandalous exploitation of the public in the past.

Two classes of these, towit: The inter-urban and State-wide utilities could only be controlled by a State-wide commission. The fact that Chicago and some of the other large cities of the State were denied in the law the right to control local utilities wholly within their corporate limits, was not in my judgment a

good and sufficient reason why I should deny to the citizens of Illinois the right to control State-wide and inter-urban utilities.

We have in the State of Illinois, as there are in other great States of the United States, many inter-urban railroads that cover our State like a net; many heat and electric power plants which extend from city to city; and a gigantic power plant on the Mississippi at Keokuk and Hamilton which proposes to furnish light and power to probably one-fifth of the State. We have also in Illinois many gas concerns which furnish gas to several cities, and all of these concerns, in my opinion, should be subject to the control of the State with reference to their rates and character of service.

To have prevented the act from becoming a law by my veto, would have deprived the people of the State of all these rights and postpone and control of such utilities indefinitely. The law as passed, is of the same general character insofar as State-wide control is concerned, as have been passed in Wisconsin, New York, Vermont, Maryland, Indiana, Oregon, Massachusetts, New Jersey, Nevada, Rhode Island, Washington, New Hampshire, Connecticut, Arizona, Maine, Colorado, West Virginia and Montana.

So far as my information leads me, there appears to be no statutory regulation of public utilities except railroads by commission in Alabama, Arkansas, Delaware, Florida, Idaho, Iowa, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Nebraska, New Mexico, North Dakota, South Dakota, Tennessee or Texas. If any laws have been passed in these jurisdictions it must have been quite recently. That they will soon adopt public utility laws, I am very confident. It is the inevitable trend of the day.

The only three States that I know of which provide for home rule for cities in the matter of regulation of municipal utilities are Ohio, California and Kansas. In this latter State there exists a form of appeal from the city authorities to the State Public Utilities Commission. It will be seen from the above that even if Illinois in the present law does not reserve the right of home rule to its great cities, it has been following the precedent established by most of the large and progressive States of the United States. Moreover, in signing this law, I am not only

satisfied that I was acting in the public interest under all the circumstances, but I further am of the opinion that even if home rule in the regulation of public utilities in great metropolitan cities is advisable, as I believe it is, that it would be much easier at subsequent sessions of the legislature to secure amendments demanded by the public in this particular, than to pass a wholly new law regulating public utilities. Such I believe is the fact in all cases where statutes securing great public reforms are passed.

Many of the public utility acts now on the statute books, notably in New York, have been amended after passage in the public interest. In all of the States where State commissions have been given State-wide control of all utilities, both intra-urban and extra-urban, great good has been accomplished. I know of no case where there is a demand for a repeal or even for a material modification of the State-wide commission laws that have been passed.

Moreover, it has been very seriously contended by some political economists that in case of dual control by State commissions of inter-urban utilities, and city control by city commissions over intra-urban utilities that conflicts will inevitably result between the commissions in all cases where a utility furnishes its product as it frequently does within and without the corporate limits of a city. I have been informed by one of the railroad commissioners of the State of California where this dual law is in force, that the last legislature has proposed to the people a constitutional amendment under which the legislature is to have the power to confer upon the State commission control over the rates of public utilities within the cities of the State, and that it is probable that this amendment will be adopted. He also states that several cities in the State, including Palo Alto, Willits, Monterey, Antioch, Salinas and Eagle Rock have transferred to the State the power heretofore given them over public utilities, and that other cities in the State have transferred partially their power of regulation to the commission. Prior to this year Missouri gave to the cities of St. Joseph, St. Louis, and Kansas City home rule, and the right to regulate the intra-urban business of its local utilities. Washington gave this right to Seattle. The 1913 legislatures, however, I am credibly informed, took

this power from these cities and placed them under the jurisdiction of State-wide commissions.

I am thoroughly well satisfied that we have now in the State of Illinois a law passed by the last legislature which gives adequate and complete control to a State commission over all of the public utilities of the State, most of whom must necessarily be subject to a State commission, and that while it would have been much better to have given some of the larger cities of the State, in particular Chicago, the right to control inter-urban utilities within those cities, that the law as passed is a substantial advance in the legislation of the State, and will do much to correct the scandalous abuses which have afflicted the public in the past, owing to the absence of any control over these utilities.

The tendency of modern times in the United States is plainly in the direction of the control of public utilities. The movement is advancing by leaps and bounds, and I believe that within a few short years there will not be a State in the Union which has not a public utility commission, empowered by law to control the service and rates of the corporations of the State.

This control, when placed in the hands of a small compact commission which does its work scientifically, and in the open sun-light must be effective if we judge upon the experience of the States where it has already been put into force.

Wisconsin and New York have had six years experience, and the people seem satisfied. Whether the control will be effective and in the interest of the public, of course, depends upon the personnel of the commission and the character of the men appointed upon these commissions. If they are capable and above all honest, they can do their work effectively.

If public control should fail, as I believe it will not, then the only alternative left is the public ownership and operation of these utilities, and I am pleased to say that after a struggle of eight years, during which I have advocated incessantly and persistently the public ownership and operation of public utilities, that I have had the satisfaction within the last sixty days of placing my signature to a law which gives every city in the State of Illinois the right to own and operate all of its public utilities, and to even purchase the product of such utilities at wholesale and sell it to the public at retail. (Applause.)

CHAIRMAN HAINES—I am informed that Governor Eberhart of Minnesota is about to leave, and as he desires to take part in this discussion, I will recognize him now.

GOVERNOR EBERHART—Mr. Chairman and Members of the Governors' Conference: Unfortunately I did not receive a copy of the splendid address of Governor Dunne until yesterday, but this problem is one of intense importance and has been so in my own State, and I am contemplating calling a special session of our legislature for the purpose of enacting it into law, so I have studied the question very carefully; and I shall, in the brief time I have before my train departs, give a few of the reasons why I am advocating this law in my State.

#### "STATE CONTROL OF PUBLIC UTILITIES."

GOVERNOR ADOLPH O. EBERHART OF MINNESOTA.

Never before in the history of our nation have greater problems confronted us for solution. Enormous agricultural and mineral resources and unsurpassed facilities for transportation, coupled with a most wonderful genius for invention, organization, and development, have enabled the American people to produce untold millions of wealth and to form the most gigantic commercial and industrial organizations ever known to the civilized world.

The effective control of these business organizations by nation, State, and municipality has long been the object of legislative and executive authority, but not until the last two decades has such control become generally effective. This applies specially to public utilities organizations. Prior to the last two decades the control of public utilities was attempted only by the various municipalities. That such regulation, with very few exceptions, has been a failure is now quite generally conceded. It has been found utterly impossible to keep the public utilities out of politics and the constantly changing municipal authorities, dominated largely by ward politicians, have made their campaigns on some issues involving such public utilities organizations with the result generally that the public utilities have either dominated the administration or have been made political football for

the benefit of unscrupulous politicians. Only the favored few have benefited by such administration and the vast majority of consumers have been compelled to pay high and discriminatory rates for inadequate and inferior service.

Perhaps the strongest evidence of unsuccessful municipal regulation of public utilities is the rapid growth of municipal ownership. That municipal ownership of public utilities as compared with municipal regulation has been generally successful will not be questioned. Municipal ownership of public utilities, when properly directed, has been a blessing to many municipalities of the State, and in most instances has proven itself infinitely superior to the former local regulation.

As a general rule it can be safely stated that the State or the municipality should not engage in any business enterprise which can be conducted as efficiently and economically for the benefit of all concerned by the private individual or association. But human nature is always more or less selfish, and in the case of public utilities, which by their very nature often constitute monopolies of public necessities, these must not under any circumstances be left a prey to selfish and unscrupulous private enterprise. It is therefore essential in order to properly protect the interest of the public that these utilities should be either operated or regulated by public authority.

Within the State the regulating authority must be exercised by the State or municipality or both. During recent years the tendency has been towards State regulation and there is scarcely a State in the nation which has not either adopted State regulation in some form or made preparations therefor. While the superiority of State regulation is quite generally conceded, there are still many who do not understand its principles, and I shall briefly discuss the question of State control from the standpoint of:

- I. Efficiency.
- II. Economy, and
- III. Uniformity.

#### I. EFFICIENCY.

1. Jurisdiction.—In order that the regulation of a public utility shall be effective, it is absolutely essential that such

utility in all its constituent elements shall be located within and under the jurisdiction of the regulating power. This is fundamental. The question in nearly every case is what shall constitute good service at a fair and reasonable rate. In the determination thereof, the regulating authority must be able to make a full and complete physical valuation of all properties belonging to such utility and prevent the issuing of watered stocks and bonds on which to base fictitious returns and dividends. The municipality cannot control the issue of stocks and bonds. This is a right granted by the State and must be regulated by it. But in order to determine the merits of a stock or bond issue and properly regulate it, the regulating authority must have full and complete jurisdiction of all property involved for the purpose of valuation and be able to enforce its decrees. Very few, if any, of the utilities are entirely within and subject to the jurisdiction of any one municipality. They are either inter-municipal or have their sources of supply and power outside the limits of the municipality. Gas companies are extending their mains far beyond the city limits. Street cars are reaching out into the adjoining country. Electric light and power concerns transmit the currents from power plants located at some waterfall many miles away. Telephones, telegraphs, electric and steam railroads are all intermunicipal and cannot possibly for lack of jurisdiction be regulated by the municipalities.

The Consumers' Power Company of St. Paul furnishes light and power to dozens of Southern Minnesota cities and villages. In this case its most important and valuable property are the waterpower plants at Cannon Falls and Rapidan. How in the name of common sense can any city or village dependent for light and power upon this utility corporation determine the fairness of a rate by making a physical valuation of properties and enforcing rules and regulations outside the limits of its jurisdiction? Granting, however, for the sake of argument, that this were possible, how can such city or village determine the fairness of a rate dependent upon the rates and service in every other city or village served by the same corporation? The same is true as to Minneapolis, St. Paul, Duluth, and many other cities in Northern Minnesota, to which currents for light and

power are transmitted from power plants located outside of their jurisdiction. In the enforcement of every local regulation the municipal officers cannot proceed beyond their jurisdiction and the suburban and country residents have absolutely no means of securing adequate service or reasonable rates if the utility corporation is not willing to grant the same. These are facts of common knowledge which should convince anyone that the regulation of these public utilities is not a municipal problem but a State problem.

2. Definite Fixing of Responsibility—The efficient regulation of public utilities requires the definite fixing of responsibility in the hands of as few persons as possible. Under the old system of ward government it has been found almost impossible to fix the responsibility for mismanagement of city affairs. There were always a number of boards and committees with partial and co-ordinate authority, and one city official could always unload his share of responsibility upon the shoulders of some one else. Whenever the advocates of more efficient government started a movement for a change from the ward system to the citywide commission form, the ward politicians, certain special interests and favored consumers joining with them, would immediately, under the guise of "home rule," proceed to defeat such movement. In spite of such efforts, however, quite a number of Minnesota cities have adopted the commission form of government and the remaining cities will unquestionably do so in the near future. The all important advantage of the commission form of government is its definite fixing of responsibility for the operation of each city department in one person elected at large and held responsible to the people through the initiative, referendum and recall. In the regulation of a State-wide utility, which is always a public necessity and often a monopoly, it is, therefore, of still greater importance that such regulation should be fixed in the hands of a few commissioners, so that every department of such regulation may have one commissioner at its head, who should be held responsible to the Governor and he to the people of the State directly through the initiative, referendum and recall. The Governor should have the authority to remove such commissioners for proper cause shown, but upon

public hearing so as to prevent the exercise of undue influence or dictation by executive authority. This would insure the removal of inefficient and incompetent commissioners and protect the commission at all times from undue and improper dictation or influence.

3. Segregation from Political Influence.—It is recognized as a primary principle in the settlement of every controversy, that the acting judges should be free from bias and prejudice and personally disinterested in the results. Let us apply this to the controversy between the public utility corporation and the municipal official. In most cases he has been elected upon an issue involving the public utility in question. He has often made his campaign either for or against certain contentions of the utility corporation, is dependent for his renomination and re-election upon the settlement of a controversy in a certain way, and is, therefore, personally interested in the controversy. Should he be permitted to sit as judge in a contest involving his own personal and political interests? Every sense of fairness and justice will rebel against such a conclusion. The adjudication should be made after thorough investigation and report of experts by a competent commission which has no personal interest in the controversy and is wholly independent of local conditions, politically or otherwise.

4. Expert Service and Equipment.—Effective regulation involves also the best possible expert service and equipment. In testing the quality as well as quantity of light, heat, power, water, telephone, telegraph, and transportation service, in making physical valuations of such properties, in checking, examining, and auditing books, accounts and securities, and in collating, classifying and analyzing all facts in connection therewith, the employment of skilled experts and valuable equipment is absolutely essential, and the average municipality cannot afford the expense connected therewith. Every public utility corporation has such experts and equipment in its employ and unless the municipality is at least equally well equipped, it cannot compete on common ground with the utility corporation. With such expert service and equipment, as well as the necessary authority vested in the State, all municipalities and rural communities

would have at their disposal the means of solving on a just basis any problem connected with their public utilities, no matter how intricate and difficult.

5. Public Health.—Public Health affords another important phase in the consideration of efficiency. The testing of water in the interest of public health is in the first instance a municipal problem, but where disputes arise or where the municipalities refuse to act, the State must step in and enforce the observance of sanitary laws and regulations. This is a function for the State Board of Health, but in making its tests and investigations the experts of the public service commission should be employed so as to prevent the duplication of State equipment. Our Supreme Court has held that municipalities are responsible for damages to persons and property caused by neglect to properly guard public health, and no city should be permitted to allow unsanitary conditions within its borders, because the breeding of disease in one city affects every other community by inter-communication.

6. Continuity of Service and Civil Service Promotions.—Lastly, efficiency is dependent largely upon continuity of service and promotions under the merit system. The public service commissioners should be appointed without regard to political affiliations and for a sufficient number of years, so that the term of only one commissioner may expire every, or preferably every other, year. Through this method, a majority of the commissioners will always be experienced in service and as far as possible made independent of political changes in the State administration. All employes should be under strict civil service and promoted for merit only. Under a constantly changing city administration, the regulating authority is not sufficiently permanent and the appointments are too apt to be bargained away under the spoils system. That this is not the case under State control is demonstrated by the experience of public utilities commissions in other States, as well as by the record of our tax commission, board of control of State institutions, and other similar State commissions. A study of State control, as tested in actual operation, should convince the most skeptical that when the State service is made more permanent, removed from politics and the appointing

chief executive held subject to the will of the people under the initiative, referendum and recall, the commission will not develop into a political organization.

## II. ECONOMY.

1. Control of Securities.—One of the most important features of State regulation is the complete control afforded over the issuing of securities. This is necessarily a State function, because these securities are issued under State authority and the municipalities have absolutely no power to control them. The old theory that corporations should be permitted to float as many stock and bond issues as the "traffic would bear" irrespective of actual investment has long since been exploded. Returns and dividends cannot be based on capitalization, but on actual value of the utility properties. Whenever stocks and bonds are issued and sold without corresponding value, such watered securities are sharing in returns and dividends to which they are not entitled and the result is a great economic waste. Excessive rates are charged on the basis of such watered capitalization, and the consumers pay the bills. During the past year the State public utilities commission of New York City has authorized only about one-third of the stock and bond issues petitioned for by the public utilities corporations of that city. The result is an enormous saving to the consumers in preventing the payment of profits upon millions of watered securities. Numberless similar instances could be cited in other States where the commission has been granted control over securities. It is important that the commission, after thorough investigation, should have the right to grant, refuse or modify any and all applications for the issuing of stocks and bonds. Such provision is not only beneficial to the taxpayer and consumer but to the purchaser of securities as well as the utility corporation itself. The investor knows, when the commission, after due examination, has approved the issue of stocks and bonds, that there are substantial values and properties to secure the purchaser and that public necessity warrants such issue. On the other hand, the utility corporation will have a better market for its securities and these will not be affected so seriously by panics or fluctuations of the money market. This

provision is, therefore, beneficial to the consumer and producer alike and detrimental only to the professional promoter and dishonest speculator.

2. Unnecessary Duplication.—Another important economic result of State regulation is the elimination of waste by preventing the unnecessary duplication of utility plants and equipment. I am a firm believer in competition, but when such competition results in the construction of utility plants and equipment far beyond the possible needs of the community served, such competition compels the public to support institutions that are not necessary. An unwarranted tax is imposed upon the public at large and the enterprise usually brings financial ruin to the investors. The commission should have authority upon investigation to order increased facilities and equipment, wherever necessary, and to authorize other utility corporations to enter the field in order that the people may have adequate service without paying excessive rates, but where the community cannot support another plant, the commission must have authority to refuse its installation. If in the interest of economy and good service, it should be of advantage to the municipality to own and operate any particular utility, such municipality should have the right to acquire the same, paying therefore its actual value and no more.

3. Municipal Regulation Too Expensive.—Intelligent regulation of public utilities requires a very high order of engineering, accounting and statistical skill. Every one engaged in expert service must have scientific knowledge of utility organization, management and operation in all its departments. The commission must have a line of trusty and capable experts to whom the most technical and scientific problems can be referred for investigation and report. Such experts must have a wide range of experience, be familiar with utilities problems in every section of the State, and have a thorough understanding of industrial and commercial conditions generally. In addition thereto, they must be of unquestioned integrity, free from local influence or prejudice and actuated only by the highest sense of justice and equity. The cost of such experts and the necessary mechanical equipment is prohibitive to all municipalities in this State

with the exception only of Minneapolis, St. Paul and Duluth. I will gladly concede that these large cities can afford this great expense, but granting that, why should the taxpayers of those cities pay for three sets of experts and equipment when one set is not only sufficient but can serve all the cities better? The question is unanswerable. The very object of regulation is to secure the very best possible service at the lowest cost to the consumer, and the unnecessary duplication of regulating authorities is not only a great economic waste but also a needless division of responsibility which necessarily must result in a proportionate inefficient service. All other municipalities in the State cannot afford and do not need this expert service and equipment except when controversies arise, and should, therefore, not be compelled to pay more than their proportionate share of the State service. The cost of this service is comparatively small as it is distributed in the first place proportionately among all the public utilities of the State and paid for by all consumers in direct proportion to the amount used. In addition thereto, it is difficult at all times to secure high grade experts, and many instances might be cited where cities have wasted large sums of money on so called expert service which turned out to be either incompetent or in the employ of the parties to the controversy so as to be absolutely worthless in reaching a decision upon the true merits of the case.

4. Using Equipment in Common.—Finally, there is much equipment that can be used by several utilities in common. In the construction of underground conduits and mains through the streets, as many public utilities as by the nature of the service can operate together should co-operate in the cost of construction and the use of common equipment. There is no valid reason why three or four different sets of telephone or telegraph poles should disfigure and obstruct our public highways and the community at large be made to pay for such unnecessary duplication of equipment. Since nearly all of the public utilities are inter-municipal, it follows that there must be a State commission vested with full authority to order such common use of equipment after due investigation and to apportion the pro rata cost thereof among those benefited.

### III. UNIFORMITY.

1. Accounting.—In order to secure the highest standard of efficiency and economy, it is absolutely essential to have comparative statistics showing the operation and experience of the various utility plants throughout the State as well as other States. There must, therefore, be established a uniform system of accounting. Such accounting should show in detail the financial and operating experience of every plant. In no other way can there be an accurate knowledge of the cost of service. Under the present system it is impossible for one plant to benefit by the experience of the other, because there is no uniform system of computing the cost of operation so as to determine net results. Wherever a uniform system of accounting has been established and reliable statistical information furnished to the various plants of the State, there has always resulted a general improvement from the standpoint of efficiency and economy. Today surprisingly few plants know the exact cost of their own operation, much less that of any other plant, and the State can render no greater service to the public at large, as well as to the utilities themselves than to establish a uniform system of accounting and a bureau for general statistical information.

2. Inspection and Examination.—Without a uniform system of accounting, there can be no reliable inspection or examination. Under State supervision the State through its experts will be able to examine and properly report the financial and operating condition of every public utility and suggest to the various officials in charge such improvements in management and operation as will be found necessary. In making a physical valuation it is also important that a uniform method of determining and expressing values should be adopted. This can be accomplished only through a State-wide accounting and statistical department.

3. Municipal Plants.—Municipal plants are not operated for private gain, and their regulation as far as the State is concerned is therefore largely a matter of accounting and reports. They are therefore interested principally in the accounting and statistical departments of the State commission. These plants when properly segregated from political domination, very readily adopt the improved methods of other utilities and profit by their

experience. The uniform system of accounting enables them at all times to know the exact cost of operation which is essential in the interest of economy. Instances might be cited where water plants have been operated at a much higher cost than other plants under similar conditions and where the statistical comparison and investigation has resulted in the discovery of broken mains underground, causing an enormous waste of water. Serious mistakes are often made in the locations and designs of plants, as well as in extensions made from time to time. This is occasioned sometimes by lack of expert advice and sometimes by political interference. Oftentimes municipal plants do not provide sufficient funds for depreciation, and the complete reconstruction of a plant has to be met by excessive taxes instead of a gradual charge against the consumers. Errors of this kind are always checked by the State commission and corrected. While there has been a disposition on the part of some municipalities owning public utilities to oppose complete State regulation, there has been very little objection raised to the control of such utilities to the extent of enforcing proper uniform accounting and the furnishing of reports. It has been found by experience that such limited regulation, when adopted has invariably resulted in more efficient and economical operation.

4. Service, Rates and Returns.—That uniformity in service, rates and returns of similar public utilities through the State, as far as the differences in the cost of operation will permit, is desirable, no one will question, and it is difficult to see how any one can consistently advocate any other method of securing such uniformity than by State regulation.

Having endeavored to establish the most important principles of State regulation, there still remain five important points to be considered, namely: the relation between State regulation and home rule, the experience of other States in regulating public utilities, and the attitude of public utilities corporations towards State regulation.

#### THE RELATION BETWEEN STATE REGULATION AND HOME RULE.

While the "home rule" argument has often been used to defeat State regulation, there is no valid reason why the true home rule principle should not be made effective in connection with

State regulation. If any municipality should desire special or additional service and is willing to pay for it, such service should be granted. In the location of car barns, power houses and other similar buildings, if the municipality has reserved certain sections for such purposes, it should have a right to enforce such regulations in all cases. Oftentimes in the granting of franchises and costly extensions of service through sparsely settled territory, it is desirable to secure an expression of the local sentiment in regard thereto, and no State commission will disregard such sentiment but rather seek its guidance. Where new important movements are under consideration for adoption, an expression of the sentiment in the community affected thereby is not only desirable but often necessary. Wherever the home rule principle can be applied for the purpose of securing service more suitable to the needs of the community in question, it cannot in any way conflict with proper State regulation, but will on the other hand be a valuable aid.

As to maintenance of separate expert service and equipment for the purpose of testing products, determining reasonableness of rates and making valuations by the municipality, it is largely a question of economy. If the local taxpayers are willing to impose this unnecessary burden upon themselves, the taxpayers not affected thereby should not complain. However, no community will knowingly duplicate this expensive service when it can be secured from the State without further expense. The valuation of the Minneapolis gas plant is a strong case in point. Two valuations at an enormous expense have been made by the parties directly interested, one side placing the valuation as low as possible and the other taking the other extreme. The result is almost endless litigation, the cost of which is paid by the commoner. Had this valuation been made by unprejudiced experts in the employ of the State, the chances are that its fairness would have appealed to both sides, thus rendering all the expenses connected with the duplication of valuation and consequent litigation unnecessary.

Whenever disputes arise under the application of the home rule principle between the municipality and the public utilities corporations, the State commission must be the arbitrator sub-

ject, as in all cases, to an appeal to the courts. It has been found by experience, however, that the decisions of State commissions have been so uniformly thorough and fair that few appeals to the courts have been taken.

#### EXPERIENCE OF OTHER STATES.

While a large majority of the States now have one or more important public utilities under State control, the following States have all their utilities, or nearly so, regulated by the State commission: Wisconsin, New York, Massachusetts, New Jersey, Nevada, New Hampshire, Rhode Island, Vermont, Washington, California, and Kansas. During the last six months the following States have been added to the list: Maine, Missouri, Ohio, Indiana, Pennsylvania, and Illinois. Many of these States have followed the Wisconsin law, adapting it to local conditions. The experience of Wisconsin can therefore be used as an example. Last June the House public utilities committee consisting of Representatives Nolan, Bjornson, Orr, Southwick, Minnette, and Flowers, made a personal investigation of the Wisconsin system. While this committee was quite willing to receive all information, it is no secret that as a committee it was opposed to complete State regulation. It is therefore significant that the members of this committee should be so fully convinced as to give the Wisconsin law and commission in public interviews the strongest possible endorsement. The committee found that in addition to saving large sums of money in the operation of the various public utilities by uniform accounting and statistical information, the direct reduction of rates by the Wisconsin commission amounts to about \$2,500,000 per year. Among the leading items of rate reduction last year were the following: Gas, \$195,000; electric light, \$75,000, and street car fares, \$600,000. In the city of Milwaukee the street car company claimed returns upon an investment of \$17,000,000, but upon investigation it was found to be only \$10,500,000, and the rates were accordingly reduced. It is estimated that in reduced rates and economy of service the Wisconsin commission has since its organization made a net saving of about \$12,000,000 to the people of that State. This is surely a most excellent record.

ATTITUDE OF PUBLIC UTILITIES CORPORATIONS TOWARDS STATE  
CONTROL.

Objections have been made to State regulation, because certain public utilities are in favor thereof. These objections are made only for the purpose of creating prejudice. It is a question of right, justice and equity. Many public utilities in this State are favorable to State regulation. They know that it must come sooner or later, and also that in other States, while it has proven a great benefit to the people, it has not injured legitimate business enterprise, but rather helped it by establishing more efficient and economic management, by furnishing expert service and equipment to every municipality in the State at a minimum expense, by providing uniform systems of valuation and accounting, by eliminating useless duplication of service as well as equipment, and by attracting to this service a higher grade of experts and employees through its merit system.

It is needless to say that in this, as in other matters, there are honest men who sincerely oppose State regulation. The strong opposition, however, comes mainly from three sources, namely: the large consumers who receive special rates, the ward politicians, and the socialists.

As to the first class the opposition is well founded. Under State regulation all special rates and privileges would be abolished. The ward politicians do not wish to let go of the public utilities. This is perfectly natural. Under the guise of fighting "home rule," they have opposed every advance movement to strengthen and purify the administration of our cities. They always wanted to do it themselves. When the fight for a commission form of government was taken up, they cried aloud that the wards should be allowed to manage their own home affairs and for many years succeeded in delaying the adoption of a strong centralized city government. The same opposition is raised now by the same powers and for the same purpose. Opposition from the socialists is generally an honest one. They believe in public ownership rather than regulation, and are merely supporting one of the leading tenets of socialism. (Applause.)

GOVERNOR SLATON—Mr. Chairman, I wish to make one statement. There is not a principle that can be advocated by Gover-

nor Eberhart that is not embodied in the law of Georgia. At the present time it is in successful operation.

EX-GOVERNOR DIX (of New York)—I wish to say in behalf of New York State, that we have two public service commissions. They are non-partisan. At least one member of the five on each commission is from the minority party, but the conditions that prevail in this State are perhaps somewhat different from other States, from the fact that one-half of our population is in one city. It is therefore deemed advisable and advantageous to the public, to have a special commission in New York City, working in conjunction with the up-State commission. Both of these commissions came into existence after a great deal of opposition, and were authorized by Chapter 429 of the laws of 1907. The work that has been performed for the benefit of the public has been so well received that the powers of both commissions have been recently extended and the various public service corporations over which they have control would not now, themselves, think of doing without the services of the commissions. The members sit as a court and hear all questions regarding the public service corporations, rates of telephones and telegrams, the charge per thousand feet for gas, the number of trains that shall be operated between various stations, both electric and steam, the issuing of bonds and stocks in all of those corporations and the consolidation of various roads; the creation of railroads cannot be accomplished without the approval and decision of this commission. There is no conflict between the City of New York commission and the up-State commission, although the line of demarcation does include utilities which operate both up-State and in the city. I think the reason—and I was very much interested in Governor Dunne's paper—that the demand for public ownership of service corporation comes about through certain abuses of privileges granted to corporations. The control which is now vested in these commissions, I think, will do away with a great deal of that friction. In our State there is no desire for ownership, because the regulation is satisfactory to both the consumer and the producer. It minimizes costs. The statistics are now on file, furnishing data for every public service commission with which the public and the large corporations have to deal. It has been expensive to collect and

classify this necessary information. The commissioners are paid fifteen thousand dollars a year. The up-State commission is paid entirely by the State and the commission in New York is paid jointly by the city and by the State. All data that has been accumulated in the six years of its existence, I think will furnish a foundation for generations to come that corporations serving the public shall operate for the benefit of the public, not alone for economy, but for convenience, and for efficiency. I merely state this to give the Conference some benefit of the experience New York has had and is enjoying.

GOVERNOR DUNNE—Is the service to the public, by these commissions, satisfactory?

Ex-GOVERNOR DIX—Absolutely.

GOVERNOR STEWART—Mr. Chairman and Gentlemen of the Conference: I would like to ask a few questions so that in the discussion to follow, I may be advised. We have a public utilities commission in the State of Montana which was created at the last session of the legislature, last winter. So far it is working out in pretty good shape. I think it is going to be a great thing for the State, but we are beginning to see ahead of us a few things that will have to be considered. You all realize that there is a difference between taking a developed commonwealth, where all of the utilities that are necessary for the use of the public for generations to come, perhaps, or at least for years, are installed and ready to use, and a country where the utilities must be installed. The question that bothers us is to get at two or three points. Now, take for instance the question of where you are going to draw the line between the regulation of the rate and the proposition of the municipal ownership. Now you say, to an investor, a man who has stock in a public utility company, "You can make a certain percentage on the value of your property, on your investment—you shall not make more than six or seven or eight or four per cent," as the case may be; the municipality or the commonwealth steps in and says this to the man—it does not say to him that you buy this security on a six per cent basis, and we, the municipality or the State will guarantee that it is good, or it does not in effect say that, as the Government does with regard to its bonds; but we all know this—that when a man starts to look around for an investment, the

first thing he looks for is stability. If he is going to take the most stable investment that there is available, he will probably go and buy Government bonds. They will only pay him about two per cent or two and one-half, but he absolutely knows that he is going to get his principal back and that he is going to get that rate of interest. Just in proportion to the chance of getting a larger return on his investment, he takes a greater chance in the success of the project in which he is interested, and he takes a good chance of losing his investment as well as the whole rate of interest.

Now, as I said, in these States where all these things are developed and completed, this is a very easy problem; but where you must entice, if you please, or encourage at least, capital to come in and develop these things, we are confronted with rather a serious situation. We know that when the railroads were constructed into this Western country, that we had to give a great bonus. We can look back now and see where the Northern Pacific and the Union Pacific land grants were worth millions and millions of dollars, where it would have paid the government of the United States, if they could have afforded it, very much better to have built those railroads outright than to have given away those land grants; but it was thought necessary at that time in order to encourage the institution of those utilities.

Now, in some of these new States we have that to contend with. We haven't the money out here. We are looked upon erroneously by the world at large, as being wealthy. We are wealthy in those things which are perhaps not exactly tangible. We are wealthy in collateral, but not in actual cash. What we want is some man to come along from the East, or from Europe, with capital, and say, "We will spend a million dollars here to develop this power plant," or "we will spend several hundred thousand dollars to put in a system of electric railroad." Well now, in order to get that man who lives in London or New York, or Maine, to come to Colorado or Wyoming or Montana—we have to be very careful about those things, and the question then comes up whether or not we could get him to come if he does not have to take a sort of a gambler's chance in making a little bit more than he would if he had invested his money in Government bonds, or in some stable security that he was sure about. The

element of chance on the proposition itself enters into the question of whether he wants to come out here. Now, under our system, as we have adopted it, it is a sort of a compilation of the other laws. We have, I think, a splendid system of regulation, and we are regulating along the lines indicated by Governor Dix, requiring better service, regulating the number of trains that shall be run, and all of those things, but we are right straight up against the proposition now of regulating rates. Do not misunderstand me. I do not want to say anybody is making an exorbitant rate, I am not taking that position. I am merely asking for the consensus of opinion, or for an expression of opinion rather, from those who have had experience as to how to get at this thing without killing the goose that lays the golden egg. We have these things here; we want them developed; we haven't the money to develop them ourselves, but we don't want to give them to somebody and have them take them and thereafter exact from those of us who live in this country forever, an unfair and unjust toll. At the same time, we do want them to come in. Now, I would like to have the views of Governor Dunne on that question, and of any other gentlemen who may have made a long study of this. I will look forward to the reading of this paper of Governor Dunne with a great deal of pleasure, because I have recognized in him for many years a man who has given a great deal of study and attention to these public utility questions, and we are looking for light on the subject. We want information and what I have said here today, or here now, is not with the idea of expressing any views myself, because I want information, and it is with the idea of eliciting from some of you who have definite views on this subject, based upon experience—an expression of those views which may be helpful to us at this particular time.

GOVERNOR McGOVERN—Mr. Chairman, I think I know of an incident which will answer Governor Stewart's inquiry. More than a year and a half ago I was reliably informed about it by a man who attended a meeting of stockholders of a corporation about to be organized for the building of an interurban road between Hurley, Wisconsin, and Iron Mountain, Michigan. The meeting occurred in the City of Chicago and was attended by men from all over the country—principally from the East—New York, Boston

and Philadelphia. They were financing the enterprise. They arranged everything to their satisfaction up to the point of incorporation, and the question arose as to whether they should incorporate in Michigan or in Wisconsin. The argument was made that they should incorporate in Michigan because there was no such regulation of utility corporations as existed in Wisconsin. Others entertained a different view, and finally they decided to settle the matter by calling in their stock and bond man—the man who had charge of selling the securities they intended to put upon the market. When he came in he said, without a moment's hesitation, "Incorporate in Wisconsin." They asked him for his reasons. He said, "Because of its public utility law." Some were dazed and asked, "What do you mean?" He replied that the Wisconsin law not only safeguards against issuing stock and bonds in excess of the value of the property, but it requires that the property be kept up after the original capitalization is determined, and thus secures to investors not only a reasonable and fair return at the inception of the enterprise, but at all subsequent times, and that because of these requirements the stock and bonds of Wisconsin public utility corporations usually sold a point or two higher than other similar securities.

GOVERNOR SLATON—May I ask the Governor a question?

GOVERNOR McGOVERN—Please permit me to finish. As a result of the discussion, this corporation was organized in Wisconsin. Here were a lot of business men who looked at this matter from the view point of their own personal advantage and not from the standpoint of the public, as we look at it; and they determined that it was a good thing to come completely within the provisions of the Wisconsin law. It seems to me the incident is significant.

GOVERNOR SLATON—There is one question I wish to ask the gentleman. It has always been, I thought, a doubtful question, in case where you have undeveloped power, and where there is considerable venture in making the investment, what you would allow, under your commission's regulations as a promoter's profit? I mean this: For a certain amount of money a man would expect a certain return; of course if he can get five or six per cent, that is doing well; but where you have a million dollars to invest and it was a venture on your part, in the construction of a public utility, what profit ought the commission to allow

you to make that venture for the public good? Do I make my question clear?

GOVERNOR McGOVERN—Yes, sir. It seems to me that the commission method of regulating public utilities, and other matters affecting the public, is this: That unlike a court, and unlike a legislature, arbitrary rules are not laid down or adhered to by it. The commission takes account of all the circumstances, big and little, large and small, present and prospective. In valuing a plant, for instance, it will investigate the amount of money that was originally put in, although the plant may not now be worth the original investment; but it is considered that if the money was honestly put in to build up the plant and there was a loss which no one could have foreseen or prevented, that at the present time we should take into account the history of the development, and not say the value is not there now or that we will not allow for any such factor. The commission does not do that, and, so far as I know, it is the only governmental agency which takes the broad, liberal view, investigates every circumstance connected with the enterprise and then seeks to do justice to all the parties—investors, operators, consumers and the general public.

GOVERNOR COLQUITT—Mr. Chairman, I want to answer, as far as I can, the questions of the Governor from Montana. His State is very much like a large portion of my State—undeveloped and sparsely settled, no great attraction for a railroad to induce its construction, and things of that sort. Now, my State regulates the issuance of stocks and bonds of railway corporations. They can issue to its value, or something like its value. We were "progressive" ten or fifteen years ago. Many of the States are now beginning to progress up to us. Our constitution safeguards the public from extortions. In the first place it provides that no corporation can be chartered except by general law, and the legislature's time is not consumed by granting special charters to public utility companies, or any other kind of corporation. The Railroad Commission law of Texas, which I helped to administer for eight years as a commissioner, has been very helpful to the public. It has been a protection to the railroads themselves. At first they fought it bitterly. Governor Hogg, who is the father of the railroad commission in Texas, secured the pas-

sage of the law during his first term, and all the power and influence of the railroads, and other corporations, was exerted to defeat him for a second term; but in his second campaign he advocated other measures, such as are now known as the Texas Stock and Bond Law. His purpose in that was to limit, by statute, to carry out the constitutional provision—our constitution says that no corporation shall be permitted to issue stocks and bonds except for money paid, labor done or property acquired. Our constitution prohibits watering stock, but the legislature had never passed a law to carry out that provision of the constitution. Now, the stock and bond law confers upon the railroad commission authority to regulate the issuance of railroad stocks and bonds. The railroad commission is composed of three members, elected by the people for a term of six years. Originally they were appointed by the Governor for a term of two years. The law gives the railroad commission power in fixing the rates of the railroad companies, to fix a different rate for different portions of the State, and fix a different rate for different portions of the same railroad. By that means, a railroad running through North Texas, where the population is great and the traffic is heavy, may have a different rate for the Texas Pacific Railway between Fort Worth and Texarkana, and a different rate West of Fort Worth to El Paso. We divided the State into "common points" and "differential" territory for the benefit of the railroad company, out of consideration of the fact that there was less for the railroad to haul. The railroad commission sends out its engineers and values every piece of property entering into the construction of a railroad.

The objection raised by the Governor of Montana is raised by the railroad builders in our State now, especially the promoters. They say that they cannot sell the bonds of a new and independent railroad in Chicago or New York, or anywhere else, at par. The bonds for new construction of an old established line, which is a part of a great system, have an established market value by reason of having an established business and an established credit, but an independent railroad has to go into the market and seek bidders for their securities for an unconstructed property. The promoter goes to the railroad commission and files with it a profile and an estimate of the cost of the projected

railroad. They issue an order authorizing him to issue bonds to the full amount of the estimated cost of this piece of property. Then, as it constructs or builds ten miles of it, they authorize the registration of bonds to cover the cost of its construction, and in arriving at the cost of its construction, the engineer takes in the market price of steel, spikes, the cost per yard for moving the dirt, building embankment, making fills, constructing culverts, costs of lumber, the market price of lumber used in the construction of the railroad and all the parts entering into its construction, at a little above the market price, or its cost, as an inducement to the construction of new and independent line. But even under those circumstances, it is difficult. The promoters come back and say, "We ought to have an allowance in addition to this, to offset the discount on our bonds so we will be able to sell them at all." That does present a serious problem in our State where we have established a policy regulating the issuance and control of securities of public corporations—it does present a serious problem in the new construction and new development.

GOVERNOR DUNNE—Will you permit a question? Couldn't that be obviated by permitting the commission to allow a reasonable amount for the perfected road, in addition to the actual cost of construction.

GOVERNOR COLQUITT—I am coming to that. Now, when Mr. Yoakum and his associates were constructing the St. Louis, Brownsville & Mexico Railroad, which runs through the coast country from Houston to Brownsville to the mouth of the Rio Grande River, a distance of about seven hundred miles, that country was practically undeveloped and had no traffic. It was almost as level as this floor, and, looking at it, you would think a railroad could be constructed over it at a cost of four or five thousand dollars a mile in addition to the cost of the steel; but not so. It was down close to the coast and when the wet weather came on, when they ran a train over it, the track would sink into the mud, and they had to ballast the track and lift it up; so it cost in the neighborhood of twenty thousand dollars a mile to construct a railroad of that kind. Now, he had difficulty, he said in disposing of his bonds, because it was new construction and at the time had no alliances with any other railway system. We

discussed the matter with him repeatedly. My two associates on the railroad commission at that time would not agree with me. They did adopt this other method, of making an allowance in excess of the cost of the materials entering into the construction of the railroad.

In 1900, in my State, I was a member of the commission appointed by Governor Sayers to revise our taxing law, and in the examination of the decisions of the various States and the Federal Courts, I reached a definite conclusion as to the proper way of taxing franchises, and it is known now in our State as the intangible values of corporate property. I filed a motion before the railroad commission, that the commission adopt the policy of valuing the cost of the materials entering into the construction of a railway and the cost of moving the dirt, and add, after the completion of the road, and when it was a going concern—that an addition be made to the cost of the several parts entering into the construction, and value the accretion as "franchise." I took the position that for the purpose of a common carrier a completed railway, as a going concern, was worth fifteen or twenty per cent more than the several parts entering into its construction, and that they should allow a leeway—allow something which a promoter of a new railroad in a sparsely settled country would take into consideration in disposing of the securities.

GOVERNOR McGOVERN—Would not that item better be placed somewhere else? How can a State commission logically allow for it in a franchise which the legislature grants to the railroad company without any charge?

GOVERNOR COLQUITT—That depends upon the constitution. But the value of the franchise of a going concern depends upon the profitable use and employment of that corporation's property.

GOVERNOR AMMONS—And the earnings.

GOVERNOR COLQUITT—And the earnings. If it earns five per cent, its stock will sell at a premium, perhaps. If it earns seven per cent, the stock and bonds will sell at a premium, and that will represent the franchise, or the value of the property over and above its cost.

GOVERNOR MCGOVERN—But it is the business of the commission to keep the rates down so that the earnings shall not be excessive.

GOVERNOR COLQUITT—The constitution of Texas and the stock and bond law says that in valuing a railroad, its franchises shall be considered. The mere charter right to exist is worth only what it costs. The good will of a concern must be valued with its other property—is an accretion to its real property.

Now then you take for illustration the Missouri, Kansas & Texas Railway, which runs from Denison, on the Red River, entirely across the State, north and south, through the best agricultural country in the world, black, waxy prairie land now selling from a hundred to two hundred dollars an acre, and I may say here that originally that road was built by the Goulds when the State of Texas granted sixteen sections of land to the mile for each mile of railway built, amounting to about eleven thousand acres of land per mile. As I said last night, the State gave thirty-five million acres of its public domain for the construction of railways. That thirty-five million acres is worth two hundred million dollars more than the entire railway mileage of the State cost to construct. I take the position that a completed railroad, which consists of moving of banks and making fills, of construction of culverts and bridges, and cross-ties, and spikes and rails, that the completed property, ready for the reception of passenger and freight traffic, and a going concern, ought to be worth more as a completed proposition, than the several parts going into its construction; and that is a well-defined principle laid down by our courts. When you go to fix the rates, the courts say that the franchise and the good will of the corporation is worth something; its established reputation, promptness in the dispatch of its business, the good will of a going concern is valuable in the purchase or sale of a piece of property. By pursuing this course you can make an allowance which is a proper allowance. My associates voted my proposition down, but before I was elected Governor of the State, in revaluing these railroads, which the law provides we may and shall do, we made that allowance. We allowed them six per cent as the value of the franchise over and above the cost of their construction and the allowance which the railroad com-

mission of Texas had previously made for the purpose of bond issue. That was really a very reasonable and a low rate, but it took into consideration the value of the franchise, and in that way I believe the proposition in Montana can be worked out.

GOVERNOR AMMONS—How much is generally allowed in Texas for promotion?

GOVERNOR COLQUITT—I made the motion that we allow fifteen per cent, and the motion was voted down, in the construction of a new railway, but in re-valuing some of the old roads, we allowed six per cent. For instance, as an illustration, the International & Great Northern Railroad went into the hands of a receiver and had to be reorganized, had to take care of a large floating indebtedness, and they made application, under the law, to the commission, for a revaluation. The outstanding bonds and stock against it represented twenty-three thousand dollars a mile, but the figures showed that it cost thirty thousand dollars a mile at the original cost, with the additions of betterments and improvements, so we revalued that road at thirty thousand dollars a mile, and then we added six per cent to that thirty thousand dollars a mile as the value of its franchises, as a going concern, as an accretion to the real cost of the property, and representing value.

GOVERNOR AMMONS—Let me ask one more question: You took the physical valuation, which was thirty thousand dollars a mile. Now, if it made a failure and lost money, you still held that valuation and added something to it?

GOVERNOR COLQUITT—Added six per cent to it.

GOVERNOR AMMONS—Notwithstanding the fact that it had been a failure and lost money?

GOVERNOR COLQUITT—Yes, sir; but its losses were not because it did not earn money. We estimated that it was worth that amount of money, and, under its reorganization, it is worth forty thousand dollars, and probably has been sold for that. The value of a railroad property does not depend altogether upon its cost; a good deal depends upon its earning capacity.

GOVERNOR STEWART—I desire to thank you for the information I have gotten from Governor McGovern and Governor Colquitt on this proposition; it certainly was very valuable information and that is what I was after. I would like to listen longer, but

the real Governor of Montana has ordained that I shall go elsewhere.

GOVERNOR DUNNE—Mr. Chairman, before Governor Stewart leaves, I desire to state that I think Governor McGovern answered his query by stating a concrete case of which he actually had knowledge; but I want to supplement that by saying that under the law as framed in the State of Illinois, and as I believe framed in most of the States that have created these public utilities commissions, authority is given to the commission in reference to the issue of stocks and bonds, to certify that these stocks and bonds are issued on tangible property for money actually invested, and an additional certificate is given that these stocks and bonds are necessary for the development of the enterprise. In other words, in substance, this certificate given by the State, to which the seal of the State is attached, is a certificate of tangibility and necessity, so that every investor knows that a necessity exists for the issuance of these stocks and bonds, and that the commission has determined that the moneys procured from the sale of these stocks and bonds should be used for tangible property necessary for the successful conduct of the plant. Now, the State by no means guarantees the payment of the stocks and bonds; but by all these laws, and the law of Illinois in particular, the commission is vested with a wide discretion. The corporation must come to the commission and set forth the necessity of the improvements or the original development, and that the moneys are to be expended actually for tangible property.

Now, let us assume the case of a water-logged corporation coming to the commission for the issuance of additional stocks and bonds. The commission is vested with a wide discretion, and if it is found, Governor Stewart, that the corporation is water-logged, that a prior issuance of stocks and bonds has been floated upon the market and sold to investors, and it is overstocked and bonded, then that commission, under the present law of the State of Illinois, is vested with the discretion of refusing absolutely to give any certificates of tangibility or necessity to that corporation. In other words, it may say to that corporation, "It is true that you need this development, and it is true that this money is to be used for tangible property, and it is

true it is necessary for the successful conduct of the corporation that these bonds be issued, but you have already unfairly treated the public; you have issued too many stocks and bonds, and unless you scale down your stocks and bonds to a reasonable valuation of the property as it now exists, we will refuse to give you a certificate of tangibility and necessity." Thus the public is protected by the seal of the State. That is one of the objections, by the way, that is offered to the creation of a municipal commission. If municipal commissions are in existence, it is urged each city in the State will place its stamp upon the stocks and bonds, and the investor will have to ascertain what kind of government is being carried on in each city, whether it is corrupt or honest. In other words, the investors are put to more trouble in discovering whether the certificate of that local commission amounts to anything. There is a wide discretion vested in the State commission. If that commission decides that these stocks can be issued, it must declare them necessary, and they are to be expended for tangible property, and as the result of that wise discretion, in the case of a water-logged corporation, the very fact that the State commission issues the certificates, is satisfactory answer to the public that that corporation is not water-logged and that the securities are a fair investment.

GOVERNOR STEWART—Your proposition presupposes the existence of a corporation and the issuance of stock. Of course, that is the modern way of doing business; but take, for instance, an individual who wants to go out and construct a public utility, how do you get at that with your commission?

GOVERNOR DUNNE—if the individual has got money, he does not need stocks and bonds; but if he is going to issue promissory notes, he can't get a certificate.

GOVERNOR STEWART—Say I have a million dollars in cash and I want to go and invest it. I can buy government bonds with it or real estate securities, or I can go out and take a long chance in building a power plant or a line of railroad—I am not going to incorporate, I am not going to ask for any credit at all—I want to make an investment—I go out and pay cash for everything I do. Now, what action will the public utilities corporation take in allowing me a premium for taking the chance of making that a success?

GOVERNOR DUNNE—It is wholly a private enterprise in that case, and the responsibility of the individual is what the investor will look to.

GOVERNOR STEWART—I am going to sell power to the public the same as a corporation would, and to that extent it is a public utilities proposition. You cannot say, "It is a corporation and that you cannot do these things," and yet an individual says that he can do it without any regulation at all.

GOVERNOR DUNNE—if the individual desires to float his paper or to get his certificate of tangibility and necessity on the back of his individual notes, then he goes to the commission, just as a corporation does, and the commission will determine whether these notes have been issued for actual money invested and whether they are necessary for the transaction of the business.

GOVERNOR STEWART—But you don't reach my point. My point is this—I do it all and I don't ask for any credit at all. I go through with it. I expect more than my four or six per cent, or else I will go and invest it where I will get my four or six per cent back; but I do this and take my chances just the same as you go out and buy a piece of land and pay a hundred dollars an acre for it, and, in a short time sell it for one hundred and fifty dollars an acre. I expect to take this plant and install it and get it in shape, for my million dollars, and sell it for a million and a half next year; but you can readily see I cannot do that if the commission steps in the minute the plant is completed and says, "No, this has only cost you a million dollars, therefore you should only have an income of four or six or seven per cent on a million dollars, and you cannot sell for a cent more than it cost you." What is the use of taking the chance of developing the country under those circumstances? How are you going to reach that?

GOVERNOR AMMONS—Mr. Chairman, I would like to make this motion which was omitted last night. We were rather late and it was overlooked. It is with reference to taking care of the expenses of the Governors' Conference for the next year, and I wish to make the usual motion, that an assessment of one hundred and fifty dollars for each State shall be authorized to be made by the Executive Committee.

GOVERNOR DUNNE—I second the motion.

The motion was put by the chairman and was unanimously carried.

CHAIRMAN HAINES—Is there any further discussion upon the questions before the Conference?

GOVERNOR HATFIELD—The paper by the distinguished Governor from Illinois, upon the regulation and control of public service corporations through a utilities commission, is indeed a very interesting and valuable document. I feel that I should give the Governors a little bit of experience that we have had in West Virginia relative to the creation of a utilities commission. For thirty years we have attempted to get a measure of this character enacted into our statutes. At the last session of the legislature, which convened in January, 1913, the legislature passed a utilities commission law, providing for a commission of four members, and to be bi-partisan in character. The terms of office are two, four, six and eight years, one of the members to be a lawyer, versed in corporation law. Aside from regulating rates, and other duties pertaining to public service corporations, the commission has the control, and the power of granting or refusing the right of condemnation to water power companies, which corporations have for their purpose the construction of large dams for the purpose of generating electrical current. This measure, together with the hydro-electric bill, I believe was the most important that was enacted at the last session of our legislature. The hydro-electric act gives the commission control of the natural water power of our State. At the present time there are about fifteen applicants for permits to be granted for the construction of hydro-electric dams.

This law, I think, is possibly the most progressive measure yet passed by any State, and takes in a broader and greater scope than any similar measure passed by any other legislatures.

Another important measure which was passed at our last session of the legislature, was the compensation law, which is similar to the laws of Washington, Michigan, Ohio and other States. This measure is also administered by the utilities commission.

The public service law, which is known as chapter 9 of the acts of 1913, is a compilation of laws from other States like Texas, Wisconsin, etc. We feel in West Virginia that we have in

the past been to some extent, a corporation-ridden State. For a great number of years we have contended with the lobbyist and up until the last session of the legislature we have found it impossible to get a utilities commission law passed. We feel that West Virginia has now upon the statute books a very important law, and one that will mean a great deal to the citizenship of our State. Especially do we feel proud of the hydro-electric measure, or at least of the repeal of that part of chapter 13 of the acts of 1907, which gave to power companies the right of eminent domain. While we are not satisfied with chapter 11 of the acts of 1913, known as the hydro-electric law, yet we feel that we have by the enactment of this measure and by placing it in the hands of the utilities commission, conserved to the citizenship of our State our natural water power, while if nothing had been done, and had chapter 13 of the acts of 1907, which pertained to power companies, not been repealed, in a very short time this valuable natural asset would have been gobbled up and the State and its citizenship would have received no benefit therefrom.

The passage of the hydro-electric bill places the right of eminent domain absolutely in control of the utilities commission, and without their consent and approval no condemnation proceedings touching on water sites can be instituted in any court of equity in our State. Had it not been for this clause in the hydro-electric bill we would have lost this great natural resource which is yet undeveloped in our State, and which today, if the applications pending before the commission asking for the right of condemnation are granted, will develop more than 250,000 horsepower in the way of electrical energy. I bring this to the attention of the conference, feeling that in all probability there are other States interested in this proposition.

I am somewhat disappointed, I must admit, that there were no papers read at this meeting touching upon this very vital subject. This is a very interesting question to me, and one I think is worth serious thought by the Governors of the different States. I should be very glad if a free and full discussion could be had upon this subject. I thoroughly appreciate the fact that neither the compensation law nor the hydro-electric measure that I have discussed come within the bounds of Governor Dunn's paper. I

mention these facts on account of these newly enacted laws being placed in the keeping and under the supervision of our newly created utilities commission.

GOVERNOR O'NEAL—Permit me to ask you a question. Does the commission absolutely fix the rates to be charged by the hydro-electric companies for power?

GOVERNOR HATFIELD—Yes, sir, the hydro-electric companies are placed in the class of public service corporations and the rate is fixed by this commission. The bill passed by the last session of the legislature also charges these power companies a license tax. The minimum is \$500, the maximum, \$5,000. The tax commissioner is required, after the hydro-electric companies go into operation in the production of electrical current, to make a yearly accounting, which is certified to the auditor, and upon which the auditor collects one per cent of the gross income derived from the sale of such electrical energy.

GOVERNOR O'NEAL—Do you allow more than legal interest for their net profits?

GOVERNOR HATFIELD—The one per cent gross income is charged without any regard to interest.

GOVERNOR DUNNE—That is entirely within the discretion of the commission?

GOVERNOR HATFIELD—Yes, sir. It is entirely with the commission as to what rate shall be fixed for the sale of electrical energy. If the corporation feels aggrieved they have their remedy through an appeal to the courts.

CHAIRMAN HAINES—I do not suppose it is proper that the chairman should take any particular time of the Conference in the discussion of this matter, but I wanted to clear to Governor Stewart one thing which I think is not clear in his mind and may not be clear to all of the Governors, and especially to Western Governors. We have just had this question in Maine planned out in a campaign, and we have been through the legislature with it, and we have adopted practically the Wisconsin law; and the fellows that have opposed it have now got it referred to the people under the new referendum law; so we haven't any public utilities law.

GOVERNOR AMMONS—We are in the same boat.

GOVERNOR HAINES (continuing)—Now, the question which he does not understand, this commission, under the Wisconsin law, does not itemize its valuation; this commission is not made to confiscate property; this commission is not made, or designed, under the Wisconsin system, to stop promotion, to deter men from entering into enterprises. They are allowed reasonable profits; but it starts with the assumption that they are to deal with the public first. The public is the contractor; the individual or the corporation that is doing the business, is to do the work for the public. Now, that is a thing we have never had before—a tribunal to step in here and say what was fair and just.

Now, the commission, Mr. Stewart, and our Western Governors must understand, is not to take away profits from men of enterprise—reasonable profits.

I want to say another thing in just a minute, because we have had this experience in the East. He assumes that everything is completed in the East. That is hardly so. Every day new companies are coming up, and the new companies of the East find, like all companies I suppose—and we seldom have people with a million dollars to go out and do these things—they are corporations. It is men without money, that do these things with the other fellows' money; and they have been finding of late, in our State, where we have always had a right to issue bonds and stock, unlimited, and it has always been said that there was no fraud in a certificate of stock issued in the State of Maine—and we have organized corporations in every State of the Union, because everybody knew such shares represented nothing but hope and ambition—or a promoter's prospects and profits. And anybody could be cheated who invested in it; and yet we have found lately, as soon as we started a new corporation and went into the money market to circulate bonds, we first had to pay the brokers—what? Ten—I was going to say five, but that day has gone by—ten, twelve and one-half, fifteen and twenty per cent commission on the bonds. That is not all—and one-fourth of your stock or one-half of your stock—often the control, if there is any doubt about it; and in that case, let me tell you Western men, as we find in the East, there is mighty poor encouragement for promoters. The monied men have got us. I have been a promoter all my life, and I know just exactly what

I am talking about. That is the situation today and you will find it just the same in the East. Now then, what happens when you have a public service commission, and what is the result when you go before it? That it has to be a just business; that it has to be conducted like any other business, on the square, and the public is to know about it and to have somebody stand between. Now then, our savings banks which have the money in the East, and to whom you all want to sell your bonds, are ready to take today the certificate of valuation of the public service commissions and give us the money without the paying of the fifteen per cent and the giving of a quarter or half the stock. And I say to Governor Stewart, and to all the rest of you men who are ambitious to do business and want to help the public—and the public want to be helped—it is the greatest guarantee for an honest business effort ever devised, and as I said to the public in the last campaign, no honest man should be afraid to take his business into an honest court.

The point Governor Stewart was in doubt about, was that the commission could not allow reasonable profits for promotion. As I understand it, the Wisconsin system and our system does not demand strict itemization, but that the commission fixes values.

I did not mean to take any time, but this thing to me is the greatest question we have in our State, and I came two thousand, five hundred miles to hear this paper of Governor Dunne and to hear what you had to say about it. It is a great question before the American people today—the greatest question we have, and I would be glad to hear from anyone else.

GOVERNOR ODDIE—I just want to say a few words about our Nevada laws. We have a railroad commission which was established about six or eight years ago. I was a member of the Senate at the time. Later its powers were enlarged to include the regulation of all public utilities. Each of the principal political parties of the State inserted clauses in their platforms two and a half years ago, which stated that the members of the commission at that time should be reappointed when their terms expired. This had the effect of taking the appointment of the members out of politics.

CHAIRMAN HAINES—Let me add one more word. In our State, our legislature was so careful, and deemed this commission of so great importance, that they provided they should not hold a share of stock in any public service company; that they should not be a member of a committee of any political party; that there should be three members, and no more than two should belong to the same political party. They so surrounded it in every way as to get a disinterested, honest and intelligent court, free from corporation prejudices and influences. After listening to the demands of railroad men, electric light men, water company men and everybody else, I appointed three of the best lawyers I could find in the State who were not judges of the Supreme Court, two Republicans and one Democrat.

GOVERNOR DUNNE—In view of your statement that you have been a promoter, I want you to be careful in making that announcement in any future Conferences, in view of the fact that the definition of a promoter which has been quite prevalent in our State, is as follows:

"A promoter is a well-dressed son-of-a-gun, who is trying to sell nothing for something to another well-dressed son-of-a-gun who is trying to get something for nothing."

CHAIRMAN HAINES—I will make reply to that by saying that I never had a suit of clothes in my life worth over twenty-two dollars.

GOVERNOR CAREY—This discussion, of course, has broadened out and has encompassed a subject in which my State is very much interested. We believe that we have great natural wealth in our State—indeed, we know we have. The curse of the State has been, from its very organization, the unfair and I might say dishonorable promotion schemes. I, sometime since, was shown a newspaper called, I think, the "Copper Journal," which went on and gave in detail the promotion of what is known as the Penn-Wyoming Company at a town called Encampment, in Wyoming. There was, for the time, a good deal of copper taken out of this discovery, and the discoverers made some money out of it; then they sold out and it passed through several sets of hands. A railroad was built; a tramway was built; smelters were built, and all at once these were all closed down. The railroad is still running; the tramway, with its buckets, have not been operated,

I think, for three years. The town of Encampment, which was a thrifty town of about two thousand people, has dwindled down to about two hundred people. Nobody today knows whether there are great beds of copper in that mine, or not. The general belief is that there are. It changed until it got in such condition that a minority of the stockholders bonded it, sold the bonds and sold the stock. They swindled the people of the United States out of not less than fifteen million dollars. While I am a pretty active man and pretty well known in the State, I did not know anything about these transactions until they were disclosed in the United States Court and in some of the State courts. They did not deal with the people of Wyoming. It was not gotten up for the people of Wyoming. It was largely kept secret from the people of Wyoming. During the last year I have been receiving letters from cities, you might say of the third or fourth class—such cities for instance, as Dubuque, Iowa, saying that "the people of our city have been swindled to the extent of five hundred thousand dollars." In riding through the city of Wilmington, Delaware, an old, decrepit man, partly paralyzed, approached me with some glowing circulars. You wouldn't think the public could be deceived by such circulars; for instance, telling of great asbestos discoveries *in that section*, and telling why this was a good thing to invest in. One of the arguments was that these lands are near the beautiful ranch of Governor Brooks of Wyoming—my predecessor. That was no argument in favor of it, but it attracted attention. Another statement was that Professor so and so, a former geologist of the State, had said so and so about it. Now, it has since been disclosed that the geologist, the man who formerly was geologist of the State, a man of good reputation at that time, had been one of the promoters of the scheme. In the State of Colorado, nearly all the men engaged in that transaction have been indicted for violation of the postal laws, and the indictments are now pending in the United States Court. They did not try to swindle a man in Wyoming. The business was a secret there.

We should have laws in all States, so far as possible, to protect the people outside of the State. That is one of the important things that should be done in the way of legislation. Let development be encouraged, but let it be honestly done.

Kansas has a splendid Blue-Sky Law. I tried my best to secure the passage of such a law in Wyoming, but going further, as to protect people outside of the State. The chief motive of this proposed law, in fact, was to prevent the swindling of people outside of the State. The people inside of a State may inquire with reference to companies incorporated in such State. We wanted a law which should compel our State examiner to examine the incorporation articles, with the assistance of the Attorney General, and place certain certificates on the back of these articles before they pass from the office of the Secretary of State, stating just what property the companies have, without certifying as to the value, but stating the character of the property and the character of the discoveries.

In Wyoming at present, there is a great development in oil matters. A company organized I think very largely by men of this State—The Midwest Company—is getting out a great deal of oil; the Standard Oil Company has come in and bought land, and is building works that are reputed will cost two million dollars. But on the side, there are all kinds of organizations called every conceivable name, who have no property worth one dollar, and yet they are selling stock all over the country. That is a reflection on every man in Wyoming, and yet we have no law upon the statute books by which these men can be prosecuted if they deceive the public. Recently I got a prospectus, and I was surprised at the men who let their names be used in the way they did. One man held an important office in the State—he had been repeatedly elected to that office, and it was stated in the prospectus that this man had held his office for so many years and had been offered the nomination of Governor three or four times. The treasurer of this company is a retired merchant, and he is devoting his entire time now to the finances of the company. That merchant never owned a saloon, but he was a bartender in a saloon. Now they have rung in a man of the cloth, who has certified the men whose names are enumerated are men of the highest character, and "you may take whatever they say concerning this property, to be the absolute truth."

Such representations are a pretty strong argument with the hired girl, with the women and the men in the rear of the house who have a little money to invest, and, as the Governor who was

the predecessor in office of Governor Hodges, of Kansas, told me, "I believe that the passage of that Blue-Sky Law in Kansas will save our people in Kansas not less than fifteen millions of dollars in three years."

A man was killed and there was coming to his estate the proceeds of an insurance policy of five thousand dollars. An agent of one of these promotion companies, before the lid finally had been screwed down on the casket of the deceased member of the family, "beat after" the widow, and, with tears rolling down his cheeks, told her what a hard time she would have in life, and if she would invest her five thousand dollars in one of these schemes he promoted, that thereafter she would be entirely freed of financial embarrassment.

It is time, and high time, that there should be such reciprocity between the States of the American Union, that this kind of swindling should be absolutely stopped and that the promotion of such schemes should be made impossible. (Applause.)

CHAIRMAN HAINES—I would like to say that is all very well, but we are talking about public service corporations. Now, this is a private swindling corporation that the Governor has told about, and they have practiced their tricks in our State so long, and taken so much from our people and robbed so many, that last winter we passed the Kansas Blue-Sky Law. We were compelled to do it. We need this protection in every State in the Union; but we want protection against these holes in the ground called mines that we saw yesterday. We have got millions invested in those holes through just such men as come from Wyoming and Colorado for Eastern capital—it don't make any difference if they don't wear very good clothes. It is the public service corporations that we are talking about today. Private swindling will always be carried on by private swindlers, until they get in jail.

GOVERNOR CAREY—Mr. Chairman, I have hastily prepared some resolutions which I desire to read:

"RESOLVED: 1. That the thanks of the Governors' Conference are due and are hereby tendered to Governor Ammons, of Colorado, to the people of Colorado, and to the Chamber of Commerce of Colorado Springs, for their many courtesies and generous hospitalities, making the sojourn of the Governors and

the members of their families, one of unalloyed pleasure and happiness.

"2. That the thanks of the Conference are extended to the Mayor and Council of Manitou, to the Hot Iron Club of that city, and to Dr. N. N. Brumback, president of the Scenic Incline Railway, for all they have done to make our short stay in Manitou agreeable and even exciting.

"3. That the thanks of the Conference are extended to the Press of Colorado Springs for the useful, impartial and satisfactory reports of the doings of the Conference during its sessions.

"4. That Colorado Springs is to be congratulated on having such magnificent hotel accommodations and on the splendid management."

I would like to have Governor O'Neal say a word in reference to these resolutions.

GOVERNOR O'NEAL—Mr. Chairman and Gentlemen: We were very busily engaged yesterday discussing the distrust of the legislatures. I am glad to know there is one subject on which none of us have any distrust, and that is the capacity of the people of Colorado to extend to the guests within her gates a most charming and gracious hospitality. (Applause.)

They have not only done everything in their power to contribute to our pleasure, but they have given us new thrills and sensations. Many of us who came from the low-lands have never ascended such mountain peaks as are found here, and yet, after they carried us to the top of the highest mountain, they started down with us, and as we hung suspended between heaven and earth, they had our photographs taken, and the photographer had the audacity to say to us, "Assume a most pleasant expression!" I am sure that when that photograph is completed, we will all look like a lot of criminals being led to execution. But there is one pleasure the trip to the mountain afforded and that was in the feeling of genuine relief we all experienced when we reached *terra firma* again. Governor Mann remarked to me that he enjoyed the experience, but he didn't think he desired to repeat it. But when we stood on that mountain peak and looked over that magnificent panorama of mountain and plain, and saw those towering mountains standing like eternal sentinels guarding this

great and prosperous commonwealth, when we remembered this scenic display, this picturesque scenery was a part of our common country, we all felt a thrill of pride that we too, as citizens of other States, had our joint share in this Godly heritage which the people of Colorado enjoy; and I think we will all go back home with a feeling of renewed inspiration and zeal and consecrate ourselves anew to our State and Nation and determine to give to these perplexing and intricate problems of government which confront us, additional efforts, stimulated by the experience that we have received at this Conference, benefited by the mutual exchange of views of the different members, and better equipped, every one of us, to perform, with efficiency the duties of the positions which we occupy. We will always carry a deep feeling of obligation to the people of this State, and our trip to Colorado will long be green in our memories and we will always entertain the most pleasing recollections of the great and charming hospitality of these splendid people of the West.

I have always had an admiration for the West. The people here are liberal, broad-minded in their views, like that broad expanse of prairie, and while some of us in the South believe that they were inclined to be radical, yet we must remember that some of the most important improvements in governmental affairs, some of the greatest reforms instituted in this country in governmental matters, have originated in the West, because here thought is free—her people are not narrowed by any spirit of unwise conservatism; they are making experiments in government; and we, of the older States, will get the benefit of the experiments which they undertake and which may prove beneficial.

Now, in conclusion, I want to thank, on behalf of every member of this Conference, the people of Colorado, and assure them that if they should ever come to the South we should be glad, in a small way, to show our appreciation of their delightful hospitality.

Mr. Chairman, I move the adoption of the resolutions.

The resolutions were adopted by a rising vote.

GOVERNOR DUNNE—Before we adjourn, hadn't we better dispose of the audits by the Executive Committee?

GOVERNOR O'NEAL—The committee investigated the financial reports of the secretary and treasurer, and examined the vouchers, and desire to report that they are correct.

GOVERNOR DUNNE—I move that the report of the committee be approved.

GOVERNOR MANN—I second the motion.

The motion to approve the reports of the auditing committee was carried.

GOVERNOR CAREY—Mr. Chairman, I rise for information. Was the Committee on Rural Credits extended? If not, I make a motion that the same committee be continued.

GOVERNOR O'NEAL—We have decided that before we make a final report, we would like to get the benefit of the experience and observations of the commission which has just returned from Europe. Their report has not yet been formulated, but will be probably in a month or two; and when that report is received we will have a meeting of the committee and prepare a report, and, in order to facilitate matters, we might submit it to each Governor and determine upon some line of action before the next meeting.

The motion to continue the Committee on Rural Credits being duly seconded, was unanimously carried.

GOVERNOR CAREY—The financial report showed the Conference just a little in debt. Of course there is due now from all the States that have contributed, the amount which their legislatures agreed should be contributed, and I simply suggest that each Governor, when he gets home, remember to have the auditor remit the one hundred and fifty dollars, as that will enable us to keep our heads above water.

GOVERNOR DUNNE—Let me suggest, that for fear that some of us may be forgetful, that the secretary inform each of the Governors, and that we respond promptly.

GOVERNOR CAREY—Maybe that is the best way to get at it.

GOVERNOR DUNNE—I move that we adjourn *sine die*.

The motion, being duly seconded, was carried, and the sixth session of the Governors' Conference was declared adjourned *sine die*.

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